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# Citizen Commission for Performance Measurement of Tax Preferences

**William A. Longbrake, Chair**  
Governor's Council of Economic Advisors

**Lily Kahng, Vice Chair**  
Seattle University Law School

**James Bobst**  
Pacific Fibre Products, Inc.

**Stephen B. Miller**  
Washington Education Association

**Paul Guppy**  
Washington Policy Center

**Non-voting Members:**

**Senator Craig Pridemore**  
Chair, Joint Legislative Audit  
and Review Committee

**Brian Sonntag**  
State Auditor

May 11, 2012

**TO:** Members of the Citizen Commission for Performance Measurement of Tax Preferences  
**FROM:** Keenan Konopaski, Legislative Auditor   
**SUBJECT:** **Materials for the May 21, 2012, Commission Meeting**

The agenda for our May meeting covers five areas: 1) Approval of Minutes; 2) Staff Reports; 3) Adjustment to the 2012 review schedule; 4) 2012 Expedited Tax Preference Report; and 5) 2013 reviews/10-year schedule. Items in this packet are arranged in these five areas.

Please remember that the meeting will start at **2:00 p.m.**, in Senate Hearing Room 3 of the John A. Cherberg Building, in Olympia.

**APPROVAL OF MINUTES**

1. Draft minutes from October 11, 2011, meeting are included in this packet for approval at the meeting.

**STAFF REPORTS**

- 2A. 2012 Legislative Sessions:** For commissioner information, included with this cover memo is a summary of major bills relating to tax preferences considered by the Legislature. We are working on the comprehensive list of the impact of all legislation and the "scorecard."
- 2B. Pew Center on the States Report—Evaluating State Tax Incentives:** In April, the Pew Center on the States released its analysis of states' evaluation of tax incentives (preferences). Washington is one of 13 states "leading the way" in meeting the Pew Center's criteria for the scope of evaluation and/or quality of evaluation. The report can be accessed at the following site: <http://www.pewstates.org/research/reports/evidence-counts-85899378806>

**2012 REVIEWS**

- 3. Adjustment to the 2012 Review Schedule:** To facilitate analysis, we combined the B&O and sales tax preferences for precious metals and bullion into one report. The current work plan listed the B&O preference as an expedited review. A motion is in order to ratify the adjustment of the Precious Metals and Bullion B&O tax preference from an expedited review to a full JLARC review.
- 4. 2012 Expedited Tax Preference Report:** Included with this cover memo is the report. You will recall that you reviewed preliminary information on these preferences last year and asked specific questions of DOR and were provided additional information. As in past years, you may receive some public comments at the September meeting on the preferences included in the report. JLARC staff do not anticipate any additional discussion regarding these reviews at the May meeting.

One preference has an adjustment to estimated taxpayer savings. Prior to DOR issuing their 2012 preference report, we had no estimated taxpayer savings for the Hazardous Substance Tax preference. This preference, which is included in the expedited report, now has an estimated biennial tax payer savings of \$167 million.

# Citizen Commission for Performance Measurement of Tax Preferences

May 11, 2012

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## 2013 REVIEWS

5. **2013 Tax Preference Reviews and the 10-Year Review Schedule:** Commissioners will recall that we moved the decision on which preferences are to receive a full JLARC review to the May meeting. Making this decision in May will provide more time for staff to conduct the analysis.

In February we sent you the “preview” of the preferences which included, for the first time, a categorization of preferences—those that are related to health care issues and all other. At the meeting I ask that commissioners determine which of the 22 preferences are to receive a full JLARC review. A motion will be in order to approve the 2013 review schedule.

If you have any questions about these materials or the agenda, please contact me at 360-786-5187.

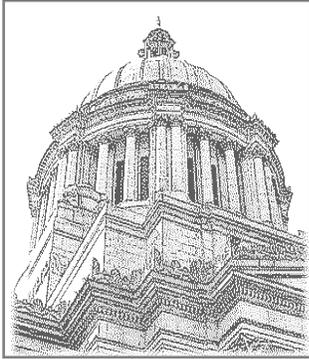
cc: Cindy Evans, Assistant Attorney General  
Brad Flaherty, Director, Department of Revenue  
Vikki Smith, Deputy Director, Department of Revenue  
Kathy Oline, Assistant Director, Research, Department of Revenue  
Jim Schmidt, Office of Financial Management

STATE OF WASHINGTON

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**CITIZEN COMMISSION FOR  
PERFORMANCE MEASUREMENT OF  
TAX PREFERENCES**

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**COMMISSION MEMBERS**

William A. Longbrake, *Chair*  
Governor's Council of Economic Advisors

Lily Kahng, *Vice Chair*  
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## **AGENDA**

**\*\* Revised \*\***

Monday, May 21, 2012  
2:00 p.m.  
John A. Cherberg Bldg.  
Senate Hearing Rm. 3  
Olympia, WA

- \*1. Approval of October 11, 2011, Meeting Minutes
2. Staff Reports
  - Legislative Session Update
  - Pew Center Report, "Evaluating State Tax Incentives for Jobs and Growth"

### **2012 Reviews**

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- \*3. Adjustments to the 2012 Review Schedule
4. 2012 Expedited Tax Preferences
5. **Evaluation Questions Answered in 2012 JLARC Reviews**

### **2013 Reviews**

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- \*6. Approval of 10-Year Tax Preference Review Schedule / 2013 List of Reviews
- General public comment period immediately following regular Commission business

\* *Action Item*

**Please Note:**  
*The Commission reserves the right to move  
agenda items as needed.*



# Citizen Commission for Performance Measurement of Tax Preferences

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State Auditor

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## Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

October 11, 2011

John A. Cherberg Bldg.,  
Senate Hearing Rm. 3  
Olympia, WA

### Members Present:

William A. Longbrake  
Paul Guppy

Stephen Miller  
Sen. Craig Pridemore

### Members Absent:

Lily Kahng  
James Bobst

Brian Sonntag

### Staff:

Keenan Konopaski  
Mary Welsh  
Peter Heineccius  
Cindy Evans

John Woolley  
Dana Lynn  
Suzanne Kelly  
Lisa Hennessy

### WELCOME / INTRODUCTIONS

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 2:00 p.m.

### APPROVAL OF MEETING MINUTES

**MOTION:** A motion was made to approve the September 23, 2011, meeting minutes.  
The motion was seconded and carried.

### STAFF REPORTS

John Woolley presented the Scope and Objectives for the 2012 Tax Preference Reviews.

Mr. Woolley also discussed the nonresident sales tax exemption with respect to comments made at the September 23, 2011, Commission meeting by the representative of the Washington State Budget & Policy Center.

### 2012 COMMISSION MEETING SCHEDULE

A draft 2012 Commission meeting schedule was presented. John Woolley explained agenda items and a new timeline and process for finalizing the next 10-year tax preference review schedule.

MOTION: A motion was made to approve the 2012 meeting schedule.

The motion was seconded and carried.

### **DISCUSSION / APPROVAL OF COMMISSION COMMENTS ON 2010 TAX PREFERENCE REVIEWS**

Chair Longbrake reviewed the process to approve Commission comments on the 2011 Tax Preference Reviews. The Commission agreed to include statements of rationale as official parts of the record. The Commission discussed the 2011 Tax Preference Reviews.

MOTION: A motion was made to acknowledge receipt of the 2011 JLARC Tax Preference Reviews of **boat sales to nonresidents and foreign residents; church camps; display items for trade shows; interest from state/municipal obligations; interstate bridges; investment of businesses in related entities; laundry for nonprofit health care facilities; nonprofit blood and tissue banks; nonprofit day care centers; open space compensating tax; real estate excise tax exemptions; sales or use tax paid in another state; and state chartered credit unions**. The Commission has provided a forum for discussion and public comment on these recommendations. The Commission endorses the JLARC recommendations for these preferences. The Commission does not have additional comments to append to the 2011 JLARC reports related to these preferences.

The motion was seconded and carried.

MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **sales of goods to certain nonresidents for use out-of-state**. The Commission has provided a forum for discussion and public comment on this review. The Commission does not endorse the JLARC recommendation for this review because there is ambiguity about the Legislature's public policy objective and the economic benefits and costs; the Legislature should review and clarify the public policy objective and evaluate the economic impacts of this preference.

Rationale: The Legislature has not stated an explicit public policy objective for this preference. However, based on various commentaries and patterns of practice, JLARC staff determined that the "implied" public policy objective is to remove a disincentive for nonresidents to purchase goods in Washington. The beneficiaries are businesses that have greater sales than otherwise might be the case, thus benefiting the state's economy. However, it is possible that many of the purchases of goods benefiting from this preference would have occurred in the absence of this preference. To the extent that this has occurred, the state is sacrificing revenue without realizing any offsetting economic benefits. For example, it is possible that purchase of high value items could decline in the absence of this preference while the impact on purchase of low value items might be limited. While it would be difficult and expensive to conduct a thorough analysis of costs and benefits of this preference, it would be useful for the Legislature to consider the benefits and consequences that might stem from limiting the items and geographies covered by this preference.

The motion was seconded and carried.

# Citizen Commission for Performance Measurement of Tax Preferences

October 11, 2011

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MOTION: A motion was made to acknowledge receipt of the 2011 JLARC Tax Preference Reviews of **municipal sewer charges, and extracted fuel**. The Commission has provided a forum for discussion and public comment on these recommendations. The Commission endorses the JLARC recommendations for these preferences. The Commission does not have additional comments to append to the 2011 JLARC reports related to these preferences.

The motion was seconded and carried.

MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **aircraft fuel, exports, and commercial use**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the JLARC recommendation for this review, and encourages the Legislature to state the public policy objectives of the preference and narrow the scope of the preference commensurate with the stated public policy objectives.

Rationale: The JLARC staff study indicates that there are two implied public policy objectives for this preference. The first is that parties benefiting from the expenditure of aircraft fuel tax receipts were the ones that paid the tax. This implied public policy objective is not being met. The second implied public policy objective was to comply with U.S. Constitutional prohibitions on taxing goods in interstate commerce. However, in many instances the tax could be levied and comply with the U.S. Constitution provided that credit was provided for taxes paid in other states.

The motion was seconded and carried.

MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **interest on real estate loans**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the recommendation that the Legislature should review and clarify the public policy objective of the preference and should consider whether the preference is essential to maintaining competitive residential lending capability for state-domiciled residential real estate lenders.

Rationale: The Legislature did not specify a public purpose for this preference. JLARC staff inferred from the record that the implied public policy purpose was to encourage Washingtonians to buy homes by making loans more available and less expensive. However, if the deduction were to be removed, the holder of the residential mortgage loan would bear the full burden rather than the borrower, unless the elimination of the deduction applied only to loans originated or purchased after the effective date of the repeal of the deduction. On a prospective basis the portfolio lender could attempt to recoup the cost of the B&O tax by charging a higher interest rate to the borrower; however, the mortgage market is national in scope, which virtually makes it impossible to charge interest-rate differentials on a geographic basis.

As is often the case when the B&O gross receipts tax is involved in a preference, another unstated public policy purpose may be to assure competitive balance with similarity situated business firms in other states subject to other types of tax regimes. The Commission received testimony that removal of the deduction

# Citizen Commission for Performance Measurement of Tax Preferences

October 11, 2011

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would place a burden on state-domiciled residential mortgage lenders that retain the loans they originate in their portfolios.

The motion was seconded and carried.

MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of the **limited income property tax deferral**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the recommendation that the Legislature should clarify the preference to define "families in economic crisis" and, if the Legislature determines to continue the preference, identify measurable evaluation criteria; however, the Commission notes that costs to administer the program are considerable relative to the participation rate and, as such, it might be appropriate to terminate the preference unless the preference can be restructured in a way that assures cost effective achievement of the public policy objectives.

Rationale: To date only 181 out of an estimated 425,000 potential participants have taken advantage of the preference. Participant benefits in the 2009-11 biennium were \$270,891 while costs to administer the preference were \$350,184 for fiscal years 2009, 2010, and 2011. JLARC staff recommends that the Legislature clarify the definition of "families in economic crisis". While this might result in increasing the participation rate, it is possible that the low participation rate also results from the eligibility criteria and the design of the program. Furthermore, it is not clear that the preference, as designed, is serving a critical public policy purpose of helping families in economic crisis. If the Legislature determines that is the case, the Commission believes it would be better to terminate the preference and save the state costs of administering the program.

The motion was seconded and carried.

MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **meat processors**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the recommendation that the Legislature should review and clarify the public policy purpose of the preference and further recommends that the Legislature determine whether the tax differential provides approximate competitive parity with state tax rates and geography-based differences in other business costs for meat processors domiciled in other states.

Rationale: Meat processing is a highly competitive, low margin business. This means that small differentials in state tax rates and other costs of business, such as transportation expenses, can have significant impacts on profitability and impact locational decisions. Public testimony provided to the Commission argued that the preferential tax rate for meat processors is comparable to the maximum corporate tax rate in other western states.

The motion was seconded and carried.

# Citizen Commission for Performance Measurement of Tax Preferences

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MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **nonprofit sheltered workshops**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the recommendation that the Legislature should review and clarify the public policy objective of the preference and further recommends that the Legislature evaluate whether the preference is necessary any longer to encourage employment of persons with disabilities.

Rationale: Although the statute does not state a public policy purpose, the implied purpose was to encourage employment of persons with disabilities in sheltered workshops. Since the enactment of this preference in 1970 the Federal government enacted the Americans with Disabilities Act in 1990. In response, over time employers have made efforts to employ persons with disabilities, frequently with beneficial economic results. In addition, the state has taken initiatives, beginning in 1992, to encourage employment of persons with disabilities. Thus, the need for sheltered workshops to employ persons with disabilities has diminished since enactment of the preference. While the preference clearly benefits established sheltered workshops, it is no longer clear that this preference is necessary to assure employment of persons with disabilities.

The motion was seconded and carried.

MOTION: The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **shared real estate commissions**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the recommendation that the Legislature should clarify the B&O tax preference for shared real estate commissions and further recommends that the Legislature align B&O tax treatment of real estate brokers and agents to brokers and agents in other industries unless there is a compelling reason for differential treatment.

Rationale: The standard approach to applying the B&O tax to commissions received by brokers and agents is that the broker is taxed on the full amount of the commission and the agent, if any, who receives a portion of the broker's commission, must pay an additional B&O tax on the amount he/she receives. This approach is the standard for all but real estate brokers and agents in which case real estate agents are exempted from paying B&O tax. The Legislature did not specify a public policy objective for differential treatment between real estate agents and agents in other industries, such as insurance and investment services. The Washington Realtors, in a letter to the Commission, presented information which may be pertinent to the Legislature's consideration of this preference; however, this information also appears to be pertinent to brokers and agents in other industries and, as such, does not address the issue of differential treatment.

The motion was seconded and carried.

# Citizen Commission for Performance Measurement of Tax Preferences

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**MOTION:** A motion was made to acknowledge receipt of the 2011 JLARC Tax Preference Review of **renewable energy machinery**. The Commission has provided a forum for discussion and public comment on this review. The Commission endorses the JLARC recommendation for this preference. The Commission does not have additional comments to append to the 2011 JLARC reports related to this preference.

The motion was seconded and carried.

**MOTION:** The Commission acknowledges receipt of the 2011 JLARC Tax Preference Review of **hog fuel to produce energy**. The Commission has provided a forum for discussion and public comment on this review. The Commission does not endorse the recommendation that the Legislature should allow the sales and use tax exemptions for hog fuel to expire because it is unclear that the Legislature intended the exemptions in this preference to be temporary. The Commission recommends that the Legislature review available evidence before determining whether to let the preference expire. Further, if the Legislature determines to extend the preference, the Commission recommends a two year extension, and that performance goals (public policy objectives) be specified and reporting be required to enable subsequent assessment of the benefits and costs of the preference.

**Rationale:** Although the Legislature did not specify a public policy objective for this preference, public testimony provided to the Commission argued that the public purpose was summarized in testimony on SB 5442, which was a precursor to SB 6170, which included the hog fuel tax preference: *"The forestry industry is facing an economic crisis, and this bill will help preserve jobs, promote healthy forest, and ensure CO2-neutral energy by encouraging the use of woody biomass. The forestry industry in eastern and western Washington is distressed, which is stressing rural local governments and social programs. This bill will help preserve the forestry industry and thereby rural economies."*

As the JLARC study points out part of the rationale for the hog fuel tax preference may have been because hog fuel was less competitive during a time of declining oil prices. Because the price of oil since enactment has risen, presumably the economic disadvantage no longer exists. However, public testimony provided to the Commission asserted that the more relevant alternative fuel price is natural gas rather than oil and, further, because of significant structural changes in the market for natural gas the price of natural gas has declined significantly since the hog fuel preference was enacted. Public testimony also pointed out that since hog fuel must be transported, diesel fuel costs, which are subject to tax, have risen along with oil prices, and this has exacerbated hog fuel's price competitiveness relative to natural gas.

Hog fuel is a low-cost raw material (LCRM). Utilizing this LCRM produced at sawmills and chipping facilities creates a low cost energy source for those who burn it to produce green energy. Utilizing the LCRM prevents the need to stockpile mountains of this material on property which creates safety issues such as fire hazards. Burning LCRM for the production of energy is the primary way to deal with this material on a large-scale basis. Relying on the LCRM to produce energy would significantly reduce dependence on fossil fuels.

# Citizen Commission for Performance Measurement of Tax Preferences

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Public testimony suggested that the Legislature extend the hog fuel tax preference for two years subject to collection of sufficient data to evaluate the public policy merits of this preference.

The motion was seconded and carried.

**MOTION:** A motion was made to include the following general comment in the 2011 Tax Preference Reports:

"The Legislature frequently specifies an expiration date when it enacts a tax preference statute. JLARC staff and the Citizens Commission for Performance Measurement of Tax Preferences (Commission) have had difficulty in discerning the Legislature's intent for some preferences. An expiration date could simply mean that the Legislature intends to review experience with the preference before determining whether to extend it. Or, the Legislature can intend the preference to be temporary in response to short-term economic or industry conditions with the expectation that the preference will not be extended. Absence of explicit legislative guidance on the intended meaning of "expiration date" led JLARC staff to conclude that the Hog Fuel to Produce Energy preference should be allowed to expire because the Legislature intended the exemptions to be temporary. This interpretation was disputed in public testimony provided to the Commission. Accordingly, the Commission recommends that the Legislature either clarify directly in a tax preference statute the intent of an expiration date or provide commentary in the legislative record that clarifies the intent of an expiration date."

The motion was seconded and carried.

## **OTHER COMMISSION BUSINESS**

The Commission discussed distributing a letter outlining the work of the Commission and urging Legislative action on recommendations made regarding tax preference reviews. The Commission agreed to draft a letter to the Legislature and possibly an op-ed piece for local newspapers.

## **PUBLIC COMMENT**

Pat Holm provided public comment supporting the work of the Commission.

Robert Whitlock, from the Olympia Fellowship of Reconciliation, provided public testimony pertaining to the work of the Commission and the process of tax preference reviews.

With no further public comment Chair Longbrake adjourned the meeting at 3:45 p.m.

# SUMMARY OF 2012 SESSIONS: TAX PREFERENCE IMPACTS

In early summer we will forward to the Commission our comprehensive analysis of the impact of the 2012 legislative sessions on all of our tax preference reviews to-date (better known as “the scorecard”).

In the meantime, there are a number of bills both passed and considered during the sessions to bring to your immediate attention. They are discussed below:

## BILLS THAT PASSED THE LEGISLATURE

### ESB 6635

In summary, this bill:

- Revised the exemption for *interest earnings secured by first mortgages*. Now, financial businesses that are located in more than ten states may not deduct the earnings from their B&O tax. JLARC staff recommended in 2011, and the Commission endorsed, that the Legislature review and clarify the preference as it was unclear whether the original public policy objective still applied given changes in the lending industry.
- Extended the B&O tax exemptions for *manufacturing fruits and vegetables* to July, 2015. JLARC staff recommended in 2010 that the exemption be allowed to expire as the public policy objective of creating and retaining quality jobs was not being fully achieved and the exemption was intended to be temporary. The Commission endorsed the JLARC recommendation while noting that the Department of Agriculture disagreed with the recommendation.
- Extended the preference for *data centers* to April 2020. This is currently scheduled for review in 2016.
- Amended the definition of *newspaper to include Internet* versions and set the B&O rate at 0.365 percent until June 2013 and 0.35 percent until July 2015. This preference is scheduled for review in 2019.

### E2SSB 5539

This bill re-establishes the *motion picture* competitiveness program tax credit. JLARC reviewed the credit in 2010, which was directed by statute outside of the Tax Commission review process, and recommended that the credit be continued. However, the Legislature allowed the credit to lapse in July 2011. The bill re-established the credit until July 2017. The next review of this preference will be completed as part of the Commission’s process.

## **BILLS CONSIDERED BY THE LEGISLATURE**

During the 2012 sessions, the Legislature considered but did not pass some bills that focused on how preferences should be established and reviewed.

### **SSB 6088**

As passed the Senate, this bill:

- Directed that bills establishing, expanding, or extending preferences must include legislative intent provisions that provide context and data for purposes of the Commission's review.
- Directed that any such bill enacted without legislative intent provisions would not take effect.
- Directed that new tax preferences include a specific expiration date; any without a specific expiration date would expire five years after taking effect.

### **HB 2530**

As passed the House Ways and Means Committee, this bill:

- Consolidated the annual survey and annual reports required from certain preferences into a single accountability report.
- Required annual accountability reports for all new tax preferences and set an expiration date for all new tax preferences 10 years after their enactment.
- Required information on the amount of capital investment in Washington in accountability reports and required DOR to determine the relative tax burden for taxpayers claiming tax preferences.
- Required JLARC to include a rate of return in its analysis of preferences.

State of Washington  
Joint Legislative Audit & Review Committee (JLARC)

## 2012 Expedited Tax Preferences

May 21, 2012

This report contains information from the Department of Revenue (DOR) on 33 tax preferences selected for expedited review. JLARC does not evaluate these tax preferences, but the DOR information is provided for reference.

*Upon request, this document is available in alternative formats for persons with disabilities.*

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Troy Kelley

Mark Miloscia

Ed Orcutt

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#### **Legislative Auditor**

Keenan Konopaski

### **Audit Authority**

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more efficient and effective. The Committee is comprised of an equal number of House members and Senators, Democrats and Republicans.

JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

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# 2012 Expedited Tax Preferences

May 21, 2012



STATE OF WASHINGTON  
JOINT LEGISLATIVE AUDIT AND  
REVIEW COMMITTEE

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Copies of Final Reports and Digests are  
available on the JLARC website at:

[www.jlarc.leg.wa.gov](http://www.jlarc.leg.wa.gov)

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## REPORT SUMMARY

### What Is a Tax Preference?

Tax preferences are exemptions, exclusions, or deductions 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. Washington has over 600 tax preferences.

### Why a JLARC Review of Tax Preferences?

#### ***Legislature Creates a Process to Review Tax Preferences***

In 2006, the Legislature expressly stated that periodic reviews of tax preferences are needed to determine if their continued existence or modification serves the public interest. The Legislature enacted Engrossed House Bill 1069 to provide for an orderly process for the review of tax preferences. The legislation assigns specific roles in the process to two different entities. The Legislature assigns the job of scheduling tax preferences, holding public hearings, and commenting on the reviews to the Citizen Commission for Performance Measurement of Tax Preferences. The Legislature assigns responsibility for conducting the reviews to the staff of the Joint Legislative Audit and Review Committee (JLARC).

#### ***Citizen Commission Sets the Schedule***

EHB 1069 directs the Citizen Commission for Performance Measurement of Tax Preferences to develop a schedule to accomplish a review of tax preferences at least once every ten years. The legislation directs the Commission to omit certain tax preferences from the schedule such as those required by constitutional law.

In 2011, the Legislature enacted Senate Bill 5044, which gave the Commission more discretion in developing the review schedule. Prior to 2012, the Commission was directed to schedule tax preferences for review in the order in which the preferences were enacted into law. Starting in 2012, the Commission may group preferences for review by type of industry, economic sector, or policy area. The Commission must still schedule tax preferences that have a statutory expiration date before the preference expires.

SB 5044 also permits the Commission to recommend an expedited review process for any tax preference. Prior to enactment, the expedited review processes was limited to preferences with a biennial fiscal impact of two million dollars or less.

In September 2011, the Commission adopted its fifth ten-year schedule for the tax preference reviews. The schedule for 2012 includes a total of 56 tax preferences under the business and occupation tax, public utility tax, sales tax, use tax, property tax, special fuel tax, leasehold excise tax, insurance premium tax, timber tax, hazardous substance tax, petroleum products tax, syrup tax, and the enhanced food fish tax. Of these tax preferences, the Commission scheduled 33 tax preferences for the expedited review process. This report addresses those 33 tax preferences. JLARC’s full reviews of the remaining tax preferences as scheduled by the Commission are included in a separate report.

***JLARC Staff Do Not Evaluate the Expedited Review Category of Tax Preferences***

JLARC’s assignment is to conduct the reviews of tax preferences according to the schedule developed by the Commission and consistent with the guidelines set forth in statute.

JLARC staff use a performance audit process to evaluate and make recommendations for tax preferences. For workload reasons the Commission directed JLARC staff to not conduct performance audits for the expedited reviews included in this report. Instead, this report provides the information contained in the Department of Revenue’s (DOR’s) 2008 and 2012 Tax Exemption Reports. DOR’s Tax Exemption Reports summarizes each tax preference’s purpose, primary beneficiaries, and taxpayer savings.

Though this report does not contain JLARC recommendations for the preferences subject to expedited review, the Commission may still elect to provide comments about these preferences for the Legislature at its October 2012 Commission meeting.

***Table of Tax Preferences in the 2012 Expedited Report***

Brief Description		RCW Citation	Year Enacted	Biennial Fiscal Impact
1.	Hazardous Substance Exemptions (Hazardous Substance)	82.21.040	1989	\$167,177,000
2.	Subsidized Housing (Leasehold)	82.29A.130(3)	1976	\$46,548,000
3.	Federal Government Structure Labor (Sales and Use)	82.04.050(12)	1975	\$12,265,000
4.	Manufacturing for Government (Leasehold)	82.29A.020(1)	1976	\$3,499,000
5.	Cargo Containers (Property)	84.36.105	1975	\$2,901,000
6.	Life Insurance Sales Employees (B&O)	82.04.360(1)	1991	\$1,720,000
7.	Adult Family Homes (B&O)	82.04.327	1987	\$748,000
8.	Excess Tax Credit (Leasehold)	82.29A.120(1)	1986	\$379,000
9.	Returned Motor Vehicles (Sales and Use)	82.32.065	1987	\$363,000
10.	Used Floating Homes (Sales and Use)	82.08.034; 82.12.034	1984	\$351,000

## Report Summary

Brief Description		RCW Citation	Year Enacted	Biennial Fiscal Impact
11.	Historic Vessels (Property)	84.36.080(2)	1986	\$333,000
12.	Computers Donated to Schools (Sales and Use)	82.12.0284	1983	\$184,000
13.	Lodging For Homeless People (Sales and Use)	82.08.0299	1988	\$46,000
14.	Timber Tax Minimum (Timber)	84.33.086	1984	\$12,000
15.	Conservation Futures (Property)	84.36.500	1984	\$0
16.	Crude Oil (Petroleum Products)	82.23A.010(1)	1989	\$0
17.	Delinquent Penalty, Interest Waivers (Property)	84.56.025	1984	\$0
18.	Domestic Use (Petroleum Products)	82.23A.030(2)	1989	\$0
19.	Exported Petroleum Products (Petroleum Products)	82.23A.030(6)	1989	\$0
20.	Fuel Exported In Fuel Tanks (Petroleum Products)	82.23A.040(1)	1989	\$0
21.	Fuel Used Before Tax Imposed (Petroleum Products)	82.23A.030(4)	1989	\$0
22.	Fuel Used To Process Petroleum Products (Petroleum Products)	82.23A.030(5)	1989	\$0
23.	Health Insurance Claims (B&O)	82.04.4331	1988	\$0
24.	Packaged Petroleum Products (Petroleum Products)	82.23A.030(7)	1989	\$0
25.	Public Timber (Timber)	84.33.077	1983	\$0
26.	Student Loan Organizations (B&O)	82.04.367	1987	\$0
27.	Student Loan Organizations (Property)	84.36.030(6)	1987	\$0
28.	Successive Use (Petroleum Products)	82.23A.030(1)	1989	\$0
29.	Syrup Exported (Syrup)	82.64.030(2)	1989	\$0
30.	Syrup Previously Taxed (Syrup)	82.64.030(1)	1989	\$0
31.	Syrup Purchased Before Tax Imposed (Syrup)	82.64.030(4)	1989	\$0
32.	Trademarked Syrup (Syrup)	82.64.030(3)	1991	\$0
33.	Ferrosilicon (Sales and Use)	82.04.050(1)(a)(iv) ; 82.04.190(1)(d)	1986	*Nondisclosable



# HAZARDOUS SUBSTANCE EXEMPTIONS (HAZARDOUS SUBSTANCE)

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Current statute: RCW 82.21.040

Department of Revenue provided information relevant to RCW 82.21.040(1) and (3)

## Department of Revenue 2012 Tax Exemption Report (p. 149):

### 82.21.040(1)

**Description:** Exemption for hazardous substance tax is allowed for any substances which were previously subject to the tax.

**Purpose:** To ensure that the tax applies only to the first possession of these products within the state.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Subsequent users of hazardous substances.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$82,932	\$84,441	\$84,262	\$82,899
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, however this would change the nature of the first-possession tax.

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### 82.21.040(3)

**Description:** Possession of minimal amounts of hazardous substances, determined by the Department of Ecology to be less than \$1,000 in wholesale value, is exempt from the tax, if the substance is held by a retailer for sale to consumers. The exemption does not apply to pesticides or petroleum products.

**Purpose:** To avoid undue tax burden on retailers of small amounts of hazardous substances.

**Category/Year Enacted:** Other business. 1989

**Primary Beneficiaries:** Approx. 1,000 retailers whose principal business is not selling hazardous substances.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	<b>FY 2012</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
State tax	\$7	\$7	\$8	\$8
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, however this would change the nature of the first-possession tax.

# SUBSIDIZED HOUSING (LEASEHOLD)

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Current statute: RCW 82.29A.130(3)

## Department of Revenue 2012 Tax Exemption Report (p. 21):

**Description:** Excluded from leasehold excise tax are leases of subsidized housing where fee ownership is vested in the U.S. government, the state, or any political subdivision. There must be an income qualification for such housing in order for the exemption to apply.

**Purpose:** To support public housing for low-income individuals.

**Category/Year Enacted:** Government. 1976

**Primary Beneficiaries:** Public housing authorities and the individuals who reside in subsidized housing.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$10,733	\$11,064	\$11,407	\$11,759
Local taxes	\$9,415	\$9,706	\$10,006	\$10,315

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Partially.

# FEDERAL GOVERNMENT STRUCTURE LABOR (SALES AND USE)

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Current statute: RCW 82.04.050(12)

## Department of Revenue 2008 Tax Exemption Report (p. 227):

**Description:** Charges made for labor and services in connection with building, repairing or improving new or existing structures for the federal government or a local housing authority are excluded from the definition of retail sale. Also excluded are charges for moving earth and clearing land for these jurisdictions. The contractor must pay retail sales/use tax on materials incorporated into these projects.

**Purpose:** The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The impact of the sales/use tax on materials is then indirectly passed on to the federal government. The exemption for labor and services for local housing authorities helps reduce the cost for these entities.

**Category/Year Enacted:** Government. 1975

**Primary Beneficiaries:** The U.S. government and municipal housing authorities.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$4,011	\$4,296	\$4,553	\$4,826
Local taxes	\$1,234	\$1,322	\$1,401	\$1,485

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; most of the impact represents federal construction which could not be taxed.

# MANUFACTURING FOR GOVERNMENT (LEASEHOLD)

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Current statute: RCW 82.29A.020(1)

## Department of Revenue 2012 Tax Exemption Report (p. 18):

**Description:** Excluded from the term "leasehold interest" is any interest in personal property owned by the U.S. government or a foreign government, if the right to use such property is part of a contract to produce articles for sale to these governments.

**Purpose:** To minimize the cost of the articles produced and to encourage the federal government to contract with Washington businesses.

**Category/Year Enacted:** Government. 1976

**Primary Beneficiaries:** Contractors with the federal and foreign governments.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$481	\$485	\$488	\$492
Local taxes	\$422	\$425	\$428	\$431

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# CARGO CONTAINERS (PROPERTY)

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Current statute: RCW 84.36.105

## Department of Revenue 2008 Tax Exemption Report (p. 42):

**Description:** Cargo containers that are principally used in ocean commerce are exempt from property tax.

**Purpose:** To help Washington ports compete with other West Coast ports.

**Category/Year Enacted:** Business incentive. 1975

**Primary Beneficiaries:** Owners of cargo containers.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$256	\$269	\$284	\$293
Local levies	\$991	\$1,057	\$1,134	\$1,190

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# LIFE INSURANCE SALES EMPLOYEES (B&O)

---

Current statute: RCW 82.04.360(1)

## Department of Revenue 2012 Tax Exemption Report (p. 55):

**Description:** Persons who meet the Internal Revenue Code definition of "statutory employee" are considered employees for purposes of B&O tax liability and thus are exempt. Statutory employees are independent contractors for federal income tax purposes but receive W-2s and have Social Security taxes withheld. A statutory employee must sell life insurance on a full-time basis and work primarily for one company.

**Purpose:** To establish a distinction between employees, whose wages are not subject to B&O tax, and independent contractors who are subject to the tax.

**Category/Year Enacted:** Other business. 1991

**Primary Beneficiaries:** Approximately 3,900 sellers of life insurance.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$745	\$763	\$781	\$800
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, although there could be compliance difficulties in locating these persons.

# ADULT FAMILY HOMES (B&O)

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Current statute: RCW 82.04.327

## Department of Revenue 2012 Tax Exemption Report (p. 68):

**Description:** Homes that provide a protected family-like environment for adult clients with developmental, physical or other disabilities are exempt from B&O tax. To qualify the home must be licensed by DSHS but does not necessarily have to be a nonprofit organization.

**Purpose:** To reduce the cost of operating these facilities.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1987

**Primary Beneficiaries:** Approximately 2,867 homes.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$572	\$572	\$485	\$477
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# EXCESS TAX CREDIT (LEASEHOLD)

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Current statute: RCW 82.29A.120(1)

## Department of Revenue 2012 Tax Exemption Report (p. 19):

**Description:** Credit is allowed against leasehold tax for two types of leases: (1) leases, other than product leases, executed after April 1, 1986, and (2) leases in which the Department of Revenue determines the amount of contract rent. For both types of leases, the credit is equal to the amount that the computed leasehold tax exceeds the amount of property taxes that would apply to the leased property if the property were in private ownership.

**Purpose:** The credit assures that the leasehold tax, which is in lieu of property tax, does not exceed the equivalent amount of property tax.

**Category/Year Enacted:** Other business. 1986

**Primary Beneficiaries:** Lessees of public property.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$150	\$155	\$167	\$172
Local taxes	\$131	\$136	\$147	\$151

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# RETURNED MOTOR VEHICLES (SALES AND USE)

---

Current statute: RCW 82.32.065

## Department of Revenue 2012 Tax Exemption Report (p. 234):

**Description:** A credit or refund of retail sales tax paid is allowed to manufacturers of vehicles, if they refund the sales tax to customers upon the return of new vehicles under the provisions of Chapter 19.118 RCW, commonly known as the “lemon” law.

**Purpose:** To assure that manufacturers are not financially responsible for the sales tax, if they refund the tax previously collected to customers.

**Category/Year Enacted:** Other business. 1987

**Primary Beneficiaries:** Manufacturers of new motor vehicles that are found to be defective and ultimately the purchasers of these vehicles.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$33	\$33	\$33	\$33
Local taxes	\$12	\$12	\$12	\$12

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# USED FLOATING HOMES (SALES AND USE)

---

Current statutes: RCW 82.08.034; 82.12.034

## Department of Revenue 2012 Tax Exemption Report (p. 229):

**Description:** Exemption from retail sales/use tax is allowed for the sale, rental or lease (of more than 30 days) of a used floating home as defined in RCW 82.45.032.

**Purpose:** To provide tax treatment for used floating homes comparable to the treatment of residential real estate. The initial purchase of a floating home, like the construction of a residential home built for an owner by a contractor, is subject to retail sales tax. Subsequent sales of floating homes are subject to real estate excise tax rather than retail sales tax, just as they are for other homes.

**Category/Year Enacted:** Individuals. 1984

**Primary Beneficiaries:** Purchasers/renters of used floating homes.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000)\*:**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$125	\$125	\$125	\$125
Local taxes	\$42	\$42	\$42	\$42

\*Impact is net of state and local real estate excise taxes.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, but unlike normal residential property, these units would be subject to both sales/use tax and real estate excise tax.

# HISTORIC VESSELS (PROPERTY)

---

Current statute: RCW 84.36.080(2)

## Department of Revenue 2008 Tax Exemption Report (p. 41):

**Description:** Ships and vessels listed on the state or federal register of historic places are exempt from property tax.

**Purpose:** To encourage retention and restoration of historic boats.

**Category/Year Enacted:** Individuals. 1986

**Primary Beneficiaries:** Owners of approximately 20 vessels.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$28	\$30	\$32	\$33
Local levies	\$112	\$122	\$131	\$137

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# COMPUTERS DONATED TO SCHOOLS (SALES AND USE)

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Current statute: RCW 82.12.0284

## Department of Revenue 2012 Tax Exemption Report (p. 202):

**Description:** Use tax exemption is provided to public and private schools for computers donated to them by individuals and businesses. The exemption covers computer hardware, components and accessories, as well as computer software. (Note: a similar exemption is provided for ALL tangible personal property that is donated to a government entity or a nonprofit charitable organization. However, that statute apparently would not cover donations of computers to private, nonprofit educational institutions.)

**Purpose:** To encourage individuals and businesses to donate computer equipment to schools.

**Category/Year Enacted:** Government (and nonprofit organizations). 1983

**Primary Beneficiaries:** Public and private K-12 schools, as well as colleges and universities.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$70	\$70	\$70	\$70
Local taxes	\$26	\$26	\$26	\$26

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# LODGING FOR HOMELESS PEOPLE (SALES AND USE)

---

Current statute: RCW 82.08.0299

## Department of Revenue 2012 Tax Exemption Report (p. 200):

**Description:** Exemption from retail sales tax is allowed for emergency lodging that is provided to homeless persons under a shelter voucher program. The exemption applies for a period of up to 30 days per recipient, and the voucher must be given by a local government agency or private organization that provides emergency food and shelter for homeless persons.

**Purpose:** To reduce the cost of providing housing services for the homeless.

**Category/Year Enacted:** Individuals. 1988

**Primary Beneficiaries:** Homeless persons who receive temporary lodging at hotels, etc. However, it is understood that vouchers are being replaced with longer term types of assistance.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000)\*:**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$17	\$17	\$18	\$18
Local taxes	\$15	\$15	\$16	\$16

\*Impact includes hotel/motel taxes and state convention center tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# TIMBER TAX MINIMUM (TIMBER)

---

Current statute: RCW 84.33.086

## Department of Revenue 2012 Tax Exemption Report (p. 34):

**Description:** Any timber harvester incurring less than \$50 in timber tax liability per quarter is excused from payment of the timber excise tax.

**Purpose:** To support smaller harvesters and to reduce administrative costs for harvesters and the Department.

**Category/Year Enacted:** Other business. 1984, increased from \$10 to \$50 in 1987.

**Primary Beneficiaries:** Small timber harvesters, mostly harvesters of timber on private lands.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1	\$1	\$1	\$1
Local taxes	\$3	\$3	\$3	\$3

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# CONSERVATION FUTURES (PROPERTY)

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Current statute: RCW 84.36.500

## Department of Revenue 2008 Tax Exemption Report (p. 26):

**Description:** Conservation futures on agricultural lands acquired by a governmental entity, nonprofit historic preservation corporation, or nonprofit nature conservancy are exempt from property tax on the value of the development rights. To qualify, the lands must be enrolled in the current use assessment program, the conservation futures must be for an unlimited duration, and they must effectively prohibit conversion of the parcel to a nonagricultural use.

**Purpose:** To encourage the retention of farm lands, particularly in urban transitional areas.

**Category/Year Enacted:** Nonprofit - other. 1984

**Primary Beneficiaries:** Nonprofit organizations that acquire the development rights to agricultural lands and the owners of the land who are thereby enabled to remain in farming.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** No current impact. The conservation futures that have been purchased to date generally involve open space lands under RCW 84.36.260, rather than farm lands under this statute.

# CRUDE OIL (PETROLEUM PRODUCTS)

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Current statute: RCW 82.23A.010(1)

## **Department of Revenue 2012 Tax Exemption Report (p. 151):**

**Description:** The definition of petroleum products includes a variety of products derived from crude oil but excludes crude oil itself.

**Purpose:** To avoid taxing both the products and the substance from which they are derived.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Refineries.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The petroleum products tax was last imposed during fiscal year 2010. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# DELINQUENT PENALTY, INTEREST WAIVERS (PROPERTY)

---

Current statute: RCW 84.56.025

## Department of Revenue 2008 Tax Exemption Report (p. 38):

**Description:** Interest and penalties on delinquent property taxes may be waived for up to 18 months if the delinquency was due to an error on the part of the county or because of hardship caused by the death of the taxpayer's spouse, parent or step-parent.

**Purpose:** To provide relief for taxpayers in the above situations.

**Category/Year Enacted:** Individuals. 1984; statute clarified in 2003 giving County Treasurers more flexibility in administering the waiver of delinquency penalties.

**Primary Beneficiaries:** Property owners who may owe interest and penalties in these circumstances.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Minimal. No county has reported any utilization of this waiver.

# DOMESTIC USE (PETROLEUM PRODUCTS)

---

Current statute: RCW 82.23A.030(2)

## Department of Revenue 2008 Tax Exemption Report (p. 179):

**Description:** Petroleum that is used by persons (not businesses) for personal or domestic purposes is exempt from petroleum products tax.

**Purpose:** The tax is intended to apply only to businesses that import or produce petroleum in this state.

**Category/Year Enacted:** Individuals. 1989

**Primary Beneficiaries:** Principally applies to individuals who bring motor vehicle fuel into the state in the fuel tanks of their personal vehicles.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# EXPORTED PETROLEUM PRODUCTS (PETROLEUM PRODUCTS)

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Current statute: RCW 82.23A.030(6)

## Department of Revenue 2012 Tax Exemption Report (p. 153):

**Description:** Petroleum products that are exported for use outside of Washington are exempt from tax.

**Purpose:** The tax is intended to apply only to products ultimately used in this state.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Petroleum exporters.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The petroleum products tax was last imposed during fiscal year 2010. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# FUEL EXPORTED IN FUEL TANKS (PETROLEUM PRODUCTS)

---

Current statute: RCW 82.23A.040(1)

## Department of Revenue 2012 Tax Exemption Report (p. 153):

**Description:** A credit is allowed against the petroleum products tax for fuel that is exported from the state in the fuel tank of any vehicle, including airplanes, ships or trucks.

**Purpose:** The tax is paid upon the first use of the products in Washington which have the potential to cause environmental damage. It is presumed that once fuel is deposited into vehicle fuel tanks that the risk to the environment is significantly reduced.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Refiners and wholesalers who deliver their products outside the state.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The petroleum products tax was last imposed during fiscal year 2010. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# FUEL USED BEFORE TAX IMPOSED (PETROLEUM PRODUCTS)

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Current statute: RCW 82.23A.030(4)

## Department of Revenue 2008 Tax Exemption Report (p. 180):

**Description:** Possession of petroleum before the effective date of tax (7/1/1989) is exempt.

**Purpose:** To prevent the tax from applying to petroleum on which the owners did not anticipate having to pay tax.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** None; it is assumed that there are no petroleum products remaining in inventory since 1989.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# FUEL USED TO PROCESS PETROLEUM PRODUCTS (PETROLEUM PRODUCTS)

---

Current statute: RCW 82.23A.030(5)

## Department of Revenue 2012 Tax Exemption Report (p. 152):

**Description:** Exemption from petroleum products tax is provided for natural gas, petroleum coke, liquid fuel, or fuel gas that is used in processing of petroleum products.

**Purpose:** To exclude fuels that are consumed in processing and restrict the tax to products that are ultimately sold at retail.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Petroleum refiners.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The petroleum products tax was last imposed during fiscal year 2010. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# HEALTH INSURANCE CLAIMS (B&O)

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Current statute: RCW 82.04.4331

## Department of Revenue 2008 Tax Exemption Report (p. 125):

**Description:** A B&O tax deduction was provided to insurance companies for amounts paid on medical or dental claims for state employees incurred prior to July 1, 1990.

**Purpose:** To prevent placing commercial insurers at a competitive disadvantage in bidding for state contracts by providing commercial insurance firms with a deduction that was available to health care contractors and health maintenance organizations.

**Category/Year Enacted:** Tax base. 1988

**Primary Beneficiaries:** None. The state now self-insures and no commercial insurer was selected to provide the uniform health plan for state employees.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# PACKAGED PETROLEUM PRODUCTS (PETROLEUM PRODUCTS)

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Current statute: RCW 82.23A.030(7)

## Department of Revenue 2008 Tax Exemption Report (p. 182):

**Description:** Petroleum products that are packaged are not subject to the tax.

**Purpose:** The purpose of the tax is to generate funds to provide adequate insurance and funding for programs to clean up discharges from leaking underground petroleum storage tanks. Presumably packaged products are not stored in such tanks and do not have the potential to cause pollution.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Importers of packaged petroleum products.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The extent of packaged petroleum products is believed to be minimal. Further, the petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not current

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# PUBLIC TIMBER (TIMBER)

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Current statute: RCW 84.33.077

## Department of Revenue 2012 Tax Exemption Report (p. 33):

**Description:** Standing timber under contract for harvest on nonfederal public lands is subject to personal property tax and the timber excise tax. However, timber on private and federal land is only subject to the timber excise tax. This tax credit allows the harvester to subtract the amount of property tax paid on timber on nonfederal public lands against the timber excise tax due.

**Purpose:** To lessen the revenue impact on timber dependent counties. A property tax shift to non-timber property and a potential loss of revenue to taxing districts was avoided by maintaining the property tax and allowing the credit against the timber tax.

**Category/Year Enacted:** Other. 1983

**Primary Beneficiaries:** Regular purchasers of public timber. Also, local governments and owners of nontimber property who might otherwise experience an increase in property taxes.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** In 2005, the timber tax on harvest on public lands began to be distributed to counties (phase in over 10 years). As a result, this credit is no longer utilized.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No. This credit is no longer utilized.

# STUDENT LOAN ORGANIZATIONS (B&O)

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Current statute: RCW 82.04.367

## Department of Revenue 2012 Tax Exemption Report (p. 71):

**Description:** B&O tax exemption is provided for the income of nonprofit organizations that issue debt for student loans and for guarantee agencies under the federal guaranteed student loan program.

**Purpose:** To promote the availability of student loans.

**Category/Year Enacted:** Nonprofit - other. 1987

**Primary Beneficiaries:** Nonprofit student loan organizations qualifying under this statute.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Due to a restructuring of the federal government's education loan process, it is believed there would be no revenue impact for this statute. The Federal Family Education Loan Program was terminated and now all education assistance is provided directly by the federal government, rather than through a nonprofit organization.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# STUDENT LOAN ORGANIZATIONS (PROPERTY)

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Current statute: RCW 84.36.030(6)

## Department of Revenue 2008 Tax Exemption Report (p. 14):

**Description:** Property owned by nonprofit organizations that are exempt from federal income tax and are guarantee agencies under the federal guaranteed student loan program or that issue debt to provide or acquire student loans is exempt from property tax.

**Purpose:** To support the programs and benefits that these organization provide to college students.

**Category/Year Enacted:** Nonprofit - other. 1987

**Primary Beneficiaries:** The personal property of one organization is exempt (no real property is owned).

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Minimal personal property is owned by the one organization that currently operates in Washington.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# SUCCESSIVE USE (PETROLEUM PRODUCTS)

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Current statute: RCW 82.23A.030(1)

## Department of Revenue 2012 Tax Exemption Report (p. 152):

**Description:** Successive possession of petroleum products that were previously subject to the 0.5 percent petroleum products tax is exempt from the tax.

**Purpose:** The tax is intended to apply only to the first use of petroleum products within the state.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Wholesalers, distributors and retails of petroleum products.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The petroleum products tax was last imposed during fiscal year 2010. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# SYRUP EXPORTED (SYRUP)

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Current statute: RCW 82.64.030(2)

## **Department of Revenue 2008 Tax Exemption Report (p. 188):**

**Description:** Exemption is allowed for soft drink syrup that is shipped out of state.

**Purpose:** To limit the tax to syrup used to produce soft drinks that are consumed in this state.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Exporters of carbonated beverage syrup.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Minimal. There is no evidence of syrup taxpayers taking a deduction for out of state sales.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# SYRUP PREVIOUSLY TAXED (SYRUP)

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Current statute: RCW 82.64.030(1)

## Department of Revenue 2012 Tax Exemption Report (p. 157):

**Description:** Successive sales of concentrated syrup used to produce carbonated beverages upon which the tax was previously paid are exempt from the soft drinks syrup tax.

**Purpose:** To avoid pyramiding of the tax. This exemption assures that the tax will apply only once to the same syrup.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Purchasers of syrup upon which tax has already been paid.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Minimal. There are no data on successive sales of previously taxed syrup, but it is believed that most syrup is actually used by the firm that pays the tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, however any revenue realization might be offset by a corresponding reduction in revenues from the B&O tax credit provided by RCW 82.04.4486 for syrup taxes paid by the buyer..

# SYRUP PURCHASED BEFORE TAX IMPOSED (SYRUP)

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Current statute: RCW 82.64.030(4)

## Department of Revenue 2008 Tax Exemption Report (p. 189):

**Description:** This exemption applies to soft drinks syrup upon which tax was paid prior to June 1, 1991.

**Purpose:** In 1991 the nature of the carbonated beverage tax was changed so that the wholesale transaction was taxed, instead of the first possession of the product. This exemption was then necessary to avoid double taxation of the same product.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** No current beneficiaries.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None; this exemption is no longer applicable, due to the shelf-life of syrup.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# TRADEMARKED SYRUP (SYRUP)

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Current statute: RCW 82.64.030(3)

## Department of Revenue 2012 Tax Exemption Report (p. 157):

**Description:** Wholesale sales of trademarked carbonated beverage syrup are exempt from the syrup tax, if the syrup is sold to a bottler who is appointed by the owner of the syrup trademark to manufacture, distribute and sell the syrup. Ordinarily, the bottler of trademarked syrup uses the syrup to produce canned or bottled soft drinks; such syrup is subject to the syrup tax. But in instances where the bottler, in turn, sells the syrup to another bottler or retailer this exemption applies to the transaction, because the tax will be owed by the second purchaser of the syrup.

**Purpose:** To shift the tax from the bottler to the next purchaser of the trademarked syrup, so that the tax will only be paid once on each gallon of syrup.

**Category/Year Enacted:** Tax base. 1991

**Primary Beneficiaries:** Bottlers of trademarked beverages.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None; the tax is simply shifted to the next purchaser. In any case, the volume of sales of syrup by trademarked bottlers to other bottlers or retailers is not known.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, however any revenue realization might be offset by a corresponding reduction in revenues from the B&O tax credit provided by RCW 82.04.4486 for syrup taxes paid by the buyer.

# FERROSILICON (SALES AND USE)

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Current statutes: RCW 82.04.050(1)(a)(iv); 82.04.190(1)(d)

## Department of Revenue 2012 Tax Exemption Report (p. 170):

**Description:** Tangible personal property used in production of ferrosilicon which, in turn, is used in the production of magnesium is excluded from the definition of retail sale. The primary purpose of the exempt items must be to create a chemical reaction with an ingredient of ferrosilicon.

**Purpose:** To encourage magnesium production businesses to locate in Washington.

**Category/Year Enacted:** Business incentive. 1986

**Primary Beneficiaries:** Magnesium production firms.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** The impact of this exemption cannot be disclosed, as it is believed to affect fewer than three firms.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# APPENDIX 1 – SCOPE AND OBJECTIVES

## 2012 TAX PREFERENCE PERFORMANCE REVIEWS

### SCOPE AND OBJECTIVES

OCTOBER 2011



STATE OF WASHINGTON  
JOINT LEGISLATIVE AUDIT AND  
REVIEW COMMITTEE

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## Why a JLARC Study of Tax Preferences?

Engrossed House Bill 1069 (2006) established the Citizen Commission for Performance Measurement of Tax Preferences and directed it to develop a schedule for periodic review of the state's tax preferences. The bill also directed the Joint Legislative Audit and Review Committee (JLARC) to conduct the periodic reviews.

## Background

Tax preferences are exemptions, exclusions, or deductions 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. JLARC estimates the state currently has 603 tax preferences.

Recognizing the need to assess the effectiveness of these tax preferences through an orderly process, the Legislature established the Citizen Commission for Performance Measurement of Tax Preferences. One of the Commission's roles is to develop a schedule for the orderly review of all tax preferences at least once every ten years. The ten-year schedule is to be revised annually.

Omitted from review are several categories of tax preferences identified by statute (e.g., tax preferences required by constitutional law). Any tax preference the Commission determines is critical to the structure of the tax system may also be omitted. Additionally, the Commission may recommend an expedited process for any tax preference.

JLARC is to review tax preferences according to the schedule developed by the Commission, consistent with guidelines set forth in statute. For each tax preference the Commission selects for a performance review, JLARC is to provide a recommendation to either: (1) continue, (2) modify, (3) add an expiration date and conduct another review prior to the expiration date, or (4) terminate the preference.

## Study Scope

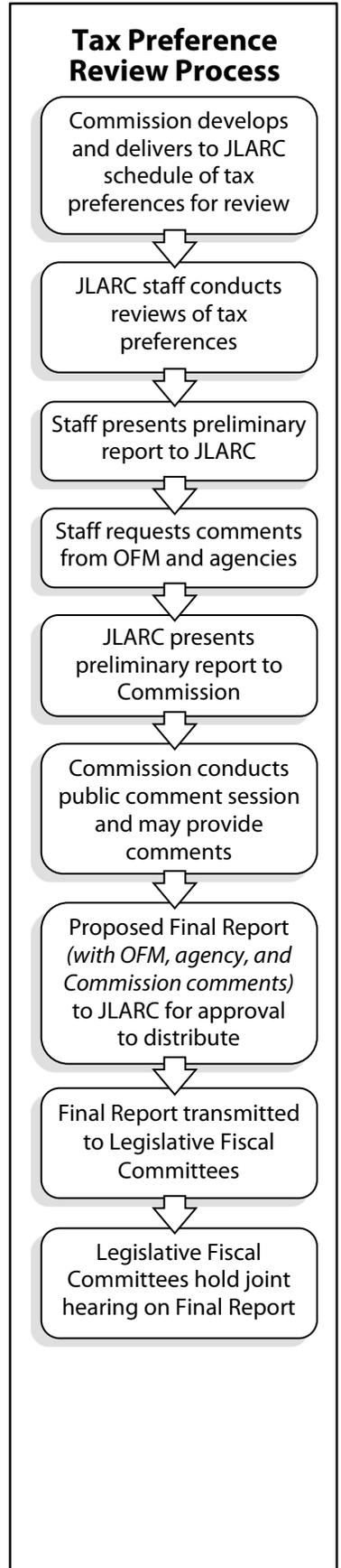
The Citizen Commission selected the following tax preferences for a performance review by JLARC in 2012:

	Brief Description and Tax Type	RCW Citation	Year Enacted
1.	Annuities (Insurance Premium)	48.14.020(1)	1979
2.	Biotechnology Deferral (Sales & Use)	82.75.010; 82.75.030	2006
3.	Business Inventories (Property)	84.36.477; 84.36.510	1974
4.	Charter and Freight Brokers (B&O)	82.04.260(6)	1979
5.	Commuting Programs (B&O, PUT)	82.70.020	2003
6.	Condominium Maintenance Fees (B&O)	82.04.4298	1979
7.	Ferry Boats (Sales & Use)	82.08.0285; 82.12.0279	1977
8.	Fish Tax Rates (Fish)	82.27.020(4)	1980

Brief Description and Tax Type		RCW Citation	Year Enacted
9.	Fuel Use Exemptions (Fuel)	82.38.080	1971
10.	Health Insurance by State Pool (Insurance Premium)	48.14.022	1987
11.	High Technology Deferral (Sales & Use)	82.63.010; 82.63.030	1994
12.	High Technology Research and Development (B&O)	82.04.4452	1994
13.	Insurance Agents (B&O)	82.04.260(9)	1983
14.	Insurance Guarantee Funds (Insurance Premium)	48.32.145; 48.32A.125	1976
15.	Leases Under \$250 Per Year or Short Term (Leasehold Excise)	82.29A.130 (8)-(9)	1976
16.	Manufacturing Completed In-State (B&O)	82.04.4295	1977
17.	Natural and Manufactured Gas (Sales & Use)	48.14.020(1)	1979
18.	Precious Metals and Bullion (Sales & Use)	82.04.062	1985
19.	Solar Energy and Silicon Manufacturing (B&O)	82.04.294	2005
20.	Stevedoring (B&O)	82.04.260(7)	1979
21.	Travel Agents (B&O)	82.04.260(5)	1975
22.	Urban Transit Fuel (Sales & Use)	82.08.0255(1)(a),(c); 82.12.0256(2)(a)	1980

In addition, using the expedited process, the Commission will consider the following tax preferences. The expedited process is based on information published by the Department of Revenue in its most recent statutorily required tax exemption study.

Brief Description and Tax Type		RCW Citation	Year Enacted
1.	Adult Family Homes (B&O)	82.04.327	1987
2.	Cargo Containers (Property)	84.36.105	1975
3.	Computers Donated to Schools (Use)	82.12.0284	1988
4.	Conservation Futures (Property)	84.36.500	1984
5.	Credit for Excess Tax (Leasehold Excise)	82.29A.120(1)	1991
6.	Crude Oil (Petroleum Products)	82.23A.010(1)	1989
7.	Delinquent Penalty Waivers (Property)	84.56.025	1984
8.	Domestic Use (Petroleum Products)	82.23A.030(2)	1989
9.	Exported Petroleum Products (Petroleum Products)	82.23A.030(6)	1989
10.	Federal Government Structure Labor (Sales & Use)	82.04.050(12)	1975
11.	Ferrosilicon (Sales & Use)	82.04.050(1)(a)(iv); 82.04.190(1)(d)	1986



Appendix 1 – Scope and Objectives

Brief Description and Tax Type		RCW Citation	Year Enacted
12.	Fuel Exported in Fuel Tanks (Petroleum Products)	82.23A.040(1)	1989
13.	Fuel Used Before Tax Imposed (Petroleum Products)	82.23A.030(4)	1989
14.	Fuel Used to Process Petroleum Products (Petroleum Products)	82.23A.030(5)	1989
15.	Hazardous Substance Exemptions (Hazardous Substance)	82.21.040(1)-(4),(6)	1989
16.	Health Insurance Claims (B&O)	82.04.4331	1988
17.	Historic Vessels (Property)	84.36.080(2)	1986
18.	Life Insurance Sales Employees (B&O)	82.04.360(1)	1991
19.	Lodging for the Homeless (Sales & Use)	82.08.0299	1988
20.	Manufacturing for Government (Leasehold Excise)	82.29A.020(1)	1976
21.	Packaged Petroleum Products (Petroleum Products)	82.23A.030(7)	1989
22.	Precious Metals & Bullion (B&O)	82.04.062	1985
23.	Public Timber Credit (Timber)	84.33.077	1983
24.	Returned Motor Vehicles (Sales & Use)	82.32.065	1987
25.	Student Loan Organizations (B&O)	82.04.367	1987
26.	Student Loan Organizations (Property)	84.36.030(6)	1987
27.	Subsidized Housing (Leasehold Excise)	82.29A.130(3)	1976
28.	Successive Use (Petroleum Products)	82.23A.030(1)	1989
29.	Syrup Exported (Syrup)	82.64.030(2)	1989
30.	Syrup Previously Taxed (Syrup)	82.64.030(1)	1989
31.	Syrup Purchased before Tax Imposed (Syrup)	82.64.030(4)	1989
32.	Timber Tax Minimum (Timber)	84.33.086	1984
33.	Trademarked Syrup (Syrup)	84.64.030(3)	1991
34.	Used Floating Homes (Sales & Use)	82.08.034; 82.12.034	1984

## Study Objectives

In response to the legislative directive, each performance review may answer questions relevant to the tax preference from the following list of questions.

### Public Policy Objectives:

1. What are the public policy objectives that provide a justification for the tax preference? Is there any documentation on the purpose or intent of the tax preference? (RCW 43.136.055(b))
2. What evidence exists to show that the tax preference has contributed to the achievement of any of these public policy objectives? (RCW 43.136.055(c))
3. To what extent will continuation of the tax preference contribute to these public policy objectives? (RCW 43.136.055(d))

4. If the public policy objectives are not being fulfilled, what is the feasibility of modifying the tax preference for adjustment of the tax benefits? (RCW 43.136.055(g))

**Beneficiaries:**

5. Who are the entities whose state tax liabilities are directly affected by the tax preference? (RCW 43.136.055(a))
6. To what extent is the tax preference providing unintended benefits to entities other than those the Legislature intended? (RCW 43.136.055(e))

**Revenue and Economic Impacts:**

7. What are the past and future tax revenue and economic impacts of the tax preference to the taxpayer and to the government if it is continued? (This includes an analysis of the general effects of the tax preference on the overall state economy, including the effects on consumption and expenditures of persons and businesses within the state.) (RCW 43.136.055(h))
8. If the tax preference were to be terminated, what would be the negative effects on the taxpayers who currently benefit from the tax preference and the extent to which the resulting higher taxes would have an effect on employment and the economy? (RCW 43.136.055(f))
9. If the tax preference were to be terminated, what would be the effect on the distribution of liability for payment of state taxes? (RCW 43.136.055(i))
10. For those preferences enacted for economic development purposes, what are the economic impacts of the tax preference compared to the economic impact of government activities funded by the tax? (This analysis involves conducting an economic impact study using OFM’s input-output model.) (RCW 43.136.055(j))

**Other States:**

11. Do other states have a similar tax preference and what potential public policy benefits might be gained by incorporating a corresponding provision in Washington? (RCW 43.136.055(k))

**Timeframe for the Study**

A preliminary audit report will be presented at the July 2012 JLARC meeting and at the August 2012 meeting of the Commission. A final report will be presented to JLARC in January 2013.

**JLARC Staff Contact for the Study**

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## APPENDIX 2 – CURRENT LAW

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### **Hazardous Substance Exemptions (Hazardous Substance)**

#### **82.21.040**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed hazardous substance. If tax due under this chapter has not been paid with respect to a hazardous substance, the department may collect the tax from any person who has had possession of the hazardous substance. If the tax is paid by any person other than the first person having taxable possession of a hazardous substance, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a hazardous substance by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Any possession of a hazardous substance amount which is determined as minimal by the department of ecology and which is possessed by a retailer for the purpose of making sales to ultimate consumers. This exemption does not apply to pesticide or petroleum products.

(4) Any possession of alumina or natural gas.

(5) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(6) Any persons possessing a hazardous substance where such possession first occurred before March 1, 1989.

[1989 c 2 § 11 (Initiative Measure No. 97, approved November 8, 1988).]

### **Subsidized Housing (Leasehold)**

#### **82.29A.130(3)**

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW 82.29A.030 and 82.29A.040:

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW 84.36.010 and 84.36.050.

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW 67.16.100 and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW 82.29A.020(2)(b).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW 72.09.100.

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW 84.36.030(1) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW 36.102.010, that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen

thousand reserved and general admission seats and is in a county that had a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand when the amphitheater first opened to the public.

For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

(19) All leasehold interests in real property used for the placement of military housing meeting the requirements of RCW 84.36.665.

[2008 c 194 § 1; 2008 c 84 § 2; 2007 c 90 § 1. Prior: 2005 c 514 § 601; 2005 c 170 § 1; 1999 c 165 § 21; 1997 c 220 § 202 (Referendum Bill No. 48, approved June 17, 1997); 1995 3rd sp.s. c 1 § 307; 1995 c 138 § 1; 1992 c 123 § 2; 1975-'76 2nd ex.s. c 61 § 13.]

## **Federal Government Structure Labor (Sales and Use)**

### **82.04.050(12)**

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of self-service laundry facilities, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by

commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows, day trips for sightseeing purposes, and others, when provided to consumers;

(b) Abstract, title insurance, and escrow services;

(c) Credit bureau services;

(d) Automobile parking and storage garage services;

(e) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(f) Service charges associated with tickets to professional sporting events; and

(g) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.

(4)(a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

(6)(a) The term also includes the sale of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of this subsection (6)(a), the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

The term "retail sale" does not include the sale of or charge made for:

(i) Custom software; or

(ii) The customization of prewritten computer software.

(b)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in (b)(i) of this subsection (6) includes the right to access and use prewritten computer software to perform data processing.

(B) For purposes of this subsection (6)(b)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value

of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8)(a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

- (i) Sales in which the seller has granted the purchaser the right of permanent use;
- (ii) Sales in which the seller has granted the purchaser a right of use that is less than permanent;
- (iii) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and
- (iv) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(11) The term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to: (a) Persons who participate in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, and

the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; and (c) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) The term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

[2011 c 174 § 202. Prior: 2010 c 112 § 14; 2010 c 111 § 201; 2010 c 106 § 202; prior: 2009 c 563 § 301; 2009 c 535 § 301; prior: 2007 c 54 § 4; 2007 c 6 § 1004; prior: 2005 c 515 § 2; 2005 c 514 § 101; prior: 2004 c 174 § 3; 2004 c 153 § 407; 2003 c 168 § 104; 2002 c 178 § 1; 2000 2nd sp.s. c 4 § 23; prior: 1998 c 332 § 2; 1998 c 315 § 1; 1998 c 308 § 1; 1998 c 275 § 1; 1997 c 127 § 1; prior: 1996 c 148 § 1; 1996 c 112 § 1; 1995 1st sp.s. c 12 § 2; 1995 c 39 § 2; 1993 sp.s. c 25 § 301; 1988 c 253 § 1; prior: 1987 c 285 § 1; 1987 c 23 § 2; 1986 c 231 § 1; 1983 2nd ex.s. c 3 § 25; 1981 c 144 § 3; 1975 1st ex.s. c 291 § 5; 1975 1st ex.s. c 90 § 1; 1973 1st ex.s. c 145 § 1; 1971 ex.s. c 299 § 3; 1971 ex.s. c 281 § 1; 1970 ex.s. c 8 § 1; prior: 1969 ex.s. c 262 § 30; 1969 ex.s. c 255 § 3; 1967 ex.s. c 149 § 4; 1965 ex.s. c 173 § 1; 1963 c 7 § 1; prior: 1961 ex.s. c 24 § 1; 1961 c 293 § 1; 1961 c 15 § 82.04.050; prior: 1959 ex.s. c 5 § 2; 1957 c 279 § 1; 1955 c 389 § 6; 1953 c 91 § 3; 1951 2nd ex.s. c 28 § 3; 1949 c 228 § 2, part; 1945 c 249 § 1, part; 1943 c 156 § 2, part; 1941 c 178 § 2, part; 1939 c 225 § 2, part; 1937 c 227 § 2, part; 1935 c 180 § 5, part; Rem. Supp. 1949 § 8370-5, part.]

## **Manufacturing for Government (Leasehold)**

### **82.29A.020(1)**

As used in this chapter the following terms shall be defined as follows, unless the context otherwise requires:

(1) "Leasehold interest" shall mean an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession and use, to a degree less than fee simple ownership: PROVIDED, That no interest in personal property (excluding land or buildings) which is owned by the United States, whether or not as trustee, or by any foreign government shall constitute a leasehold interest hereunder when the right to use such property is granted pursuant to a contract solely for the manufacture or production of articles for sale to the United States or any foreign government. The term "leasehold interest" shall include the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under RCW 35.21.730 or 35.21.660 if the property is listed on or is within a district listed on any federal or state register of historical sites. The term "leasehold interest" shall not include road or utility easements, rights of access, occupancy, or use granted solely for the purpose of removing materials or products purchased from a public owner or the lessee of a public owner, or rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration.

(2) "Taxable rent" shall mean contract rent as defined in subsection (a) of this subsection in all cases where the lease or agreement has been established or renegotiated through competitive bidding, or negotiated or renegotiated in accordance with statutory requirements regarding the rent payable, or negotiated or renegotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor: PROVIDED, That after January 1, 1986, with respect to any lease which has been in effect for ten years or more without renegotiation, taxable rent may be established by procedures set forth in subsection (b) of this subsection. All other leasehold interests shall be subject to the determination of taxable rent under the terms of subsection (b) of this subsection.

For purposes of determining leasehold excise tax on any lands on the Hanford reservation subleased to a private or public entity by the department of ecology, taxable rent shall include only the annual cash rental payment made by such entity to the department of ecology as specifically referred to as rent in the sublease agreement between the parties and shall not include any other fees, assessments, or charges imposed on or collected by such entity irrespective of whether the private or public entity pays or collects such other fees, assessments, or charges as specified in the sublease agreement.

(a) "Contract rent" shall mean the amount of consideration due as payment for a leasehold interest, including: The total of cash payments made to the lessor or to another party for the benefit

of the lessor according to the requirements of the lease or agreement, including any rents paid by a sublessee; expenditures for the protection of the lessor's interest when required by the terms of the lease or agreement; and expenditures for improvements to the property to the extent that such improvements become the property of the lessor. Where the consideration conveyed for the leasehold interest is made in combination with payment for concession or other rights granted by the lessor, only that portion of such payment which represents consideration for the leasehold interest shall be part of contract rent.

"Contract rent" shall not include: (i) Expenditures made by the lessee, which under the terms of the lease or agreement, are to be reimbursed by the lessor to the lessee or expenditures for improvements and protection made pursuant to a lease or an agreement which requires that the use of the improved property be open to the general public and that no profit will inure to the lessee from the lease; (ii) expenditures made by the lessee for the replacement or repair of facilities due to fire or other casualty including payments for insurance to provide reimbursement for losses or payments to a public or private entity for protection of such property from damage or loss or for alterations or additions made necessary by an action of government taken after the date of the execution of the lease or agreement; (iii) improvements added to publicly owned property by a sublessee under an agreement executed prior to January 1, 1976, which have been taxed as personal property of the sublessee prior to January 1, 1976, or improvements made by a sublessee of the same lessee under a similar agreement executed prior to January 1, 1976, and such improvements shall be taxable to the sublessee as personal property; (iv) improvements added to publicly owned property if such improvements are being taxed as personal property to any person.

Any prepaid contract rent shall be considered to have been paid in the year due and not in the year actually paid with respect to prepayment for a period of more than one year. Expenditures for improvements with a useful life of more than one year which are included as part of contract rent shall be treated as prepaid contract rent and prorated over the useful life of the improvement or the remaining term of the lease or agreement if the useful life is in excess of the remaining term of the lease or agreement. Rent prepaid prior to January 1, 1976, shall be prorated from the date of prepayment.

With respect to a "product lease", the value shall be that value determined at the time of sale under terms of the lease.

(b) If it shall be determined by the department of revenue, upon examination of a lessee's accounts or those of a lessor of publicly owned property, that a lessee is occupying or using publicly owned property in such a manner as to create a leasehold interest and that such leasehold interest has not been established through competitive bidding, or negotiated in accordance with statutory requirements regarding the rent payable, or negotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor, the department may establish a taxable rent computation for use in determining the tax payable under authority granted in this chapter based upon the following criteria: (i) Consideration shall be given to rental being paid to other lessors by lessees of similar property for similar purposes over similar

periods of time; (ii) consideration shall be given to what would be considered a fair rate of return on the market value of the property leased less reasonable deductions for any restrictions on use, special operating requirements or provisions for concurrent use by the lessor, another person or the general public.

(3) "Product lease" as used in this chapter shall mean a lease of property for use in the production of agricultural or marine products to the extent that such lease provides for the contract rent to be paid by the delivery of a stated percentage of the production of such agricultural or marine products to the credit of the lessor or the payment to the lessor of a stated percentage of the proceeds from the sale of such products.

(4) "Renegotiated" means a change in the lease agreement which changes the agreed time of possession, restrictions on use, the rate of the cash rental or of any other consideration payable by the lessee to or for the benefit of the lessor, other than any such change required by the terms of the lease or agreement. In addition "renegotiated" shall mean a continuation of possession by the lessee beyond the date when, under the terms of the lease agreement, the lessee had the right to vacate the premises without any further liability to the lessor.

(5) "City" means any city or town.

(6) "Products" includes natural resource products such as cut or picked evergreen foliage, Cascara bark, wild edible mushrooms, native ornamental trees and shrubs, ore and minerals, natural gas, geothermal water and steam, and forage removed through the grazing of livestock.

[1999 c 220 § 2; 1991 c 272 § 23; 1986 c 285 § 1; 1979 ex.s. c 196 § 11; 1975-'76 2nd ex.s. c 61 § 2.]

## **Cargo Containers (Property)**

### **84.36.105**

All cargo containers principally used for the transportation of cargo by vessels in ocean commerce shall be exempt from taxation. The term "cargo container" means a receptacle:

- (1) Of a permanent character and accordingly strong enough to be suitable for repeated use;
- (2) Specially designed to facilitate the carriage of goods, by one or more modes of transport, one of which shall be by vessels, without intermediate reloading;
- (3) Fitted with devices permitting its ready handling, particularly its transfer from one mode of transport to another; and
- (4) Designed to be easy to fill and empty.

[1975 1st ex.s. c 20 § 1.]

## **Life Insurance Sales Employees (B&O)**

### **82.04.360(1)**

(1) This chapter does not apply to any person in respect to his or her employment in the capacity of an employee or servant as distinguished from that of an independent contractor. For the purposes of this section, the definition of employee includes those persons that are defined in section 3121(d)(3)(B) of the federal internal revenue code of 1986, as amended through January 1, 1991.

(2) Until July 1, 2010, this chapter does not apply to amounts received by an individual from a corporation as compensation for serving as a member of that corporation's board of directors. Beginning on July 1, 2010, such amounts are taxable under RCW 82.04.290(2).

(3) A booth renter is an independent contractor for purposes of this chapter. For purposes of this section, "booth renter" means any person who:

(a) Performs cosmetology, barbering, esthetics, or manicuring services for which a license is required under chapter 18.16 RCW; and

(b) Pays a fee for the use of salon or shop facilities and receives no compensation or other consideration from the owner of the salon or shop for the services performed.

[2010 1st sp.s. c 23 § 702; 2010 c 106 § 207. Prior: 1991 c 324 § 19; 1991 c 275 § 2; 1961 c 15 § 82.04.360; prior: 1959 c 197 § 20; prior: 1945 c 249, § 2, part; 1943 c 156 § 4, part; 1941 c 178 § 6, part; 1939 c 225 § 5, part; 1937 c 227 § 4, part; 1935 c 180 § 11, part; Rem. Supp. 1945 § 8370-11, part.]

## **Adult Family Homes (B&O)**

### **82.04.327**

This chapter does not apply to adult family homes which are licensed as such, or which are specifically exempt from licensing, under rules of the department of social and health services.

[1987 1st ex.s. c 4 § 1.]

## **Excess Tax Credit (Leasehold)**

### **82.29A.120(1)**

After computation of the taxes imposed pursuant to RCW 82.29A.030 and 82.29A.040 there shall be allowed the following credits in determining the tax payable:

(1) With respect to a leasehold interest other than a product lease, executed with an effective date of April 1, 1986, or thereafter, or a leasehold interest in respect to which the department of revenue under the authority of RCW 82.29A.020 does adjust the contract rent base used for computing the tax provided for in RCW 82.29A.030, there shall be allowed a credit against the tax as otherwise computed equal to the amount, if any, that such tax exceeds the property tax that would apply to such leased property without regard to any property tax exemption under RCW 84.36.381,

if it were privately owned by the lessee or if it were privately owned by any sublessee if the value of the credit inures to the sublessee. For lessees and sublessees who would qualify for a property tax exemption under RCW 84.36.381 if the property were privately owned, the tax otherwise due after this credit shall be reduced by a percentage equal to the percentage reduction in property tax that would result from the property tax exemption under RCW 84.36.381.

(2) With respect to a product lease, a credit of thirty-three percent of the tax otherwise due.

[1994 c 95 § 2; 1986 c 285 § 2; 1975-'76 2nd ex.s. c 61 § 12.]

## **Returned Motor Vehicles (Sales and Use)**

### **82.32.065**

If a manufacturer makes a refund of sales tax to a consumer upon return of a new motor vehicle under chapter 19.118 RCW, the department shall credit or refund to the manufacturer the amount of the tax refunded, upon receipt of documentation as required by the department.

[1987 c 344 § 16.]

## **Used Floating Homes (Sales and Use)**

### **82.08.034**

The tax imposed by RCW 82.08.020 shall not apply to:

(1) Sales of used floating homes, as defined in RCW 82.45.032;

(2) The renting or leasing of used floating homes, as defined in RCW 82.45.032, when the rental agreement or lease exceeds thirty days in duration.

[1984 c 192 § 3.]

### **82.12.034**

The provisions of this chapter shall not apply with respect to the use of used floating homes, as defined in RCW 82.45.032.

[1984 c 192 § 4.]

## **Historic Vessels (Property)**

### **84.36.080(2)**

(1) All ships and vessels which are exempt from excise tax under RCW 82.49.020(2) and excepted from the registration requirements of RCW 88.02.570(10) shall be and are hereby made exempt from all ad valorem taxes, except taxes levied for any state purpose.

(2) All ships and vessels listed in the state or federal register of historical places are exempt from all ad valorem taxes.

[2011 c 171 § 126; 2000 c 103 § 24; 1998 c 335 § 5; 1986 c 229 § 1; 1983 2nd ex.s. c 3 § 51; 1983 c 7 § 23; 1961 c 15 §84.36.080 . Prior: 1945 c 82 § 1; 1931 c 81 § 1; Rem. Supp. 1945 § 11111-2.]

## **Computers Donated to Schools (Sales and Use)**

### **82.12.0284**

The provisions of this chapter do not apply in respect to the use of computers, computer components, computer accessories, computer software, digital goods, or digital codes, irrevocably donated to any public or private nonprofit school or college, as defined under chapter 84.36 RCW, in this state. For purposes of this section, "computer" and "computer software" have the same meaning as in RCW 82.04.215.

[2009 c 535 § 617; 2007 c 54 § 15; 2003 c 168 § 603; 1983 1st ex.s. c 55 § 7.]

## **Lodging For Homeless People (Sales and Use)**

### **82.08.0299**

(1) The tax levied by RCW 82.08.020 shall not apply to emergency lodging provided for homeless persons for a period of less than thirty consecutive days under a shelter voucher program administered by an eligible organization.

(2) For the purposes of this exemption, an eligible organization includes only cities, towns, and counties, or their respective agencies, and groups providing emergency food and shelter services.

[1988 c 61 § 1.]

## **Timber Tax Minimum (Timber)**

### **84.33.086**

(1) The taxes imposed under this chapter shall be computed with respect to timber harvested each calendar quarter and shall be due and payable in quarterly installments. Remittance shall be made on or before the last day of the month next succeeding the end of the quarterly period in which the tax accrues. The taxpayer on or before such date shall make out a return, upon such forms and setting forth such information as the department of revenue may require, showing the amount of tax for which the taxpayer is liable for the preceding quarterly period and shall sign and transmit the same to the department of revenue, together with a remittance for the amount of tax.

(2) The taxes imposed by this chapter are in addition to any taxes imposed upon the same persons under chapter 82.04 RCW.

(3) Any harvester incurring less than fifty dollars tax liability under this section in any calendar quarter is excused from the payment of such tax, but may be required by the department of revenue to file a return even though no tax may be due.

[1987 c 166 § 1; 1984 c 204 § 10.]

## **Conservation Futures (Property)**

### **84.36.500**

All conservation futures on agricultural lands acquired pursuant to RCW 64.04.130 or 84.34.200 through 84.34.240, that are held by any nonprofit corporation or association, the primary purpose of which is conserving agricultural lands and preventing the conversion of such lands to nonagricultural uses, shall be exempt from ad valorem taxation if:

- (1) The conservation futures are of an unlimited duration;
- (2) The conservation futures are effectively restricted to preclude nonagricultural uses on such agricultural land; and
- (3) The lands are classified as farm and agricultural lands under chapter 84.34 RCW: PROVIDED, That at such time as these property interests are not used for the purposes enumerated in RCW 84.34.210 and 64.04.130 the additional tax specified in \*RCW 84.34.108(3) shall be imposed.

[1984 c 131 § 11.]

## **Crude Oil (Petroleum Products)**

### **82.23A.010(1)**

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Petroleum product" means plant condensate, lubricating oil, gasoline, aviation fuel, kerosene, diesel motor fuel, benzol, fuel oil, residual oil, and every other product derived from the refining of crude oil, but the term does not include crude oil or liquefiable gases.

(2) "Possession" means the control of a petroleum product located within this state and includes both actual and constructive possession. "Actual possession" occurs when the person with control has physical possession. "Constructive possession" occurs when the person with control does not have physical possession. "Control" means the power to sell or use a petroleum product or to authorize the sale or use by another.

(3) "Previously taxed petroleum product" means a petroleum product in respect to which a tax has been paid under this chapter and that has not been remanufactured or reprocessed in any manner (other than mere repackaging or recycling for beneficial reuse) since the tax was paid.

(4) "Wholesale value" means fair market wholesale value, determined as nearly as possible according to the wholesale selling price at the place of use of similar products of like quality and character, in accordance with rules of the department.

(5) Except for terms defined in this section, the definitions in chapters 82.04, 82.08, and 82.12 RCW apply to this chapter.

[2004 c 203 § 4; 1989 c 383 § 15.]

## **Delinquent Penalty, Interest Waivers (Property)**

### **84.56.025**

(1) The interest and penalties for delinquencies on property taxes shall be waived by the county treasurer if the notice for these taxes due, as provided in RCW 84.56.050, was not sent to a taxpayer due to error by the county. Where waiver of interest and penalties has occurred, the full amount of interest and penalties shall be reinstated if the taxpayer fails to pay the delinquent taxes within thirty days of receiving notice that the taxes are due. Each county treasurer shall, subject to guidelines prepared by the department of revenue, establish administrative procedures to determine if taxpayers are eligible for this waiver.

(2) In addition to the waiver under subsection (1) of this section, the interest and penalties for delinquencies on property taxes shall be waived by the county treasurer under the following circumstances:

(a) The taxpayer fails to make one payment under RCW 84.56.020 by the due date on the taxpayer's personal residence because of hardship caused by the death of the taxpayer's spouse if the taxpayer notifies the county treasurer of the hardship within sixty days of the tax due date; or

(b) The taxpayer fails to make one payment under RCW 84.56.020 by the due date on the taxpayer's parent's or stepparent's personal residence because of hardship caused by the death of the taxpayer's parent or stepparent if the taxpayer notifies the county treasurer of the hardship within sixty days of the tax due date.

(3) Before allowing a hardship waiver under subsection (2) of this section, the county treasurer may require a copy of the death certificate along with an affidavit signed by the taxpayer.

[2003 c 12 § 1; 1998 c 327 § 1; 1984 c 185 § 1.]

## **Domestic Use (Petroleum Products)**

### **82.23A.030(2)**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed petroleum product. If tax due under this chapter has not been paid with respect to a petroleum product, the department may collect the tax from any person who has had possession of the petroleum product. If the tax is paid by any person other than the first person having taxable possession of a petroleum product, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a petroleum product by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(4) Any persons possessing a petroleum product where such possession first occurred before July 1, 1989.

(5) Any possession of (a) natural gas, (b) petroleum coke, or (c) liquid fuel or fuel gas used in petroleum processing.

(6) Any possession of petroleum products that are exported for use or sale outside this state as fuel.

(7) Any possession of petroleum products packaged for sale to ultimate consumers.

[1989 c 383 § 17.]

## **Exported Petroleum Products (Petroleum Products)**

### **82.23A.030(6)**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed petroleum product. If tax due under this chapter has not been paid with respect to a petroleum product, the department may collect the tax from any person who has had possession of the petroleum product. If the tax is paid by any person other than the first person having taxable possession of a petroleum product, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a petroleum product by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(4) Any persons possessing a petroleum product where such possession first occurred before July 1, 1989.

(5) Any possession of (a) natural gas, (b) petroleum coke, or (c) liquid fuel or fuel gas used in petroleum processing.

(6) Any possession of petroleum products that are exported for use or sale outside this state as fuel.

(7) Any possession of petroleum products packaged for sale to ultimate consumers.

[1989 c 383 § 17.]

## **Fuel Exported In Fuel Tanks (Petroleum Products)**

### **82.23A.040(1)**

(1) Credit shall be allowed in accordance with rules of the department of revenue for taxes paid under this chapter with respect to fuel carried from this state in the fuel tank of any airplane, ship, truck, or other vehicle.

(2) Credit shall be allowed, in accordance with rules of the department, against the taxes imposed in this chapter for any petroleum product tax paid to another state with respect to the same petroleum product. The amount of the credit shall not exceed the tax liability arising under this chapter with respect to that petroleum product. For the purpose of this subsection:

(a) "Petroleum product tax" means a tax:

(i) That is imposed on the act or privilege of possessing petroleum products, and that is not generally imposed on other activities or privileges; and

(ii) That is measured by the value of the petroleum product, in terms of wholesale value or other terms, and in the determination of which the deductions allowed would not constitute the tax an income tax or value added tax.

(b) "State" means (i) a state of the United States other than Washington, or any political subdivision of such other state, (ii) the District of Columbia, and (iii) any foreign country or political subdivision thereof.

[1989 c 383 § 18.]

## **Fuel Used Before Tax Imposed (Petroleum Products)**

### **82.23A.030(4)**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed petroleum product. If tax due under this chapter has not been paid with respect to a petroleum product, the department may collect the tax from any person who has had possession of the petroleum product. If the tax is paid by any person other than the first person having taxable possession of a petroleum product, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a petroleum product by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(4) Any persons possessing a petroleum product where such possession first occurred before July 1, 1989.

(5) Any possession of (a) natural gas, (b) petroleum coke, or (c) liquid fuel or fuel gas used in petroleum processing.

(6) Any possession of petroleum products that are exported for use or sale outside this state as fuel.

(7) Any possession of petroleum products packaged for sale to ultimate consumers.

[1989 c 383 § 17.]

## **Fuel Used To Process Petroleum Products (Petroleum Products)**

### **82.23A.030(5)**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed petroleum product. If tax due under this chapter has not been paid with respect to a petroleum product, the department may collect the tax from any person who has had possession of the petroleum product. If the tax is paid by any person other than the first person having taxable possession of a petroleum product, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a petroleum product by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(4) Any persons possessing a petroleum product where such possession first occurred before July 1, 1989.

(5) Any possession of (a) natural gas, (b) petroleum coke, or (c) liquid fuel or fuel gas used in petroleum processing.

(6) Any possession of petroleum products that are exported for use or sale outside this state as fuel.

(7) Any possession of petroleum products packaged for sale to ultimate consumers.

[1989 c 383 § 17.]

## **Health Insurance Claims (B&O)**

### **82.04.4331**

In computing tax, insurers as defined by RCW 48.01.050, may deduct from the measure of tax amounts paid out for claims incurred before July 1, 1990, for covered health services under medical and dental coverage purchased under chapter 41.05 RCW.

[1988 c 107 § 33.]

## **Packaged Petroleum Products (Petroleum Products)**

### **82.23A.030(7)**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed petroleum product. If tax due under this chapter has not been paid with respect to a petroleum product, the department may collect the tax from any person who has had possession of the petroleum product. If the tax is paid by any person other than the first person having taxable possession of a petroleum product, the amount of tax paid shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a petroleum product by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(4) Any persons possessing a petroleum product where such possession first occurred before July 1, 1989.

(5) Any possession of (a) natural gas, (b) petroleum coke, or (c) liquid fuel or fuel gas used in petroleum processing.

(6) Any possession of petroleum products that are exported for use or sale outside this state as fuel.

(7) Any possession of petroleum products packaged for sale to ultimate consumers.

[1989 c 383 § 17.]

## **Public Timber (Timber)**

### **84.33.077**

The amount of any property taxes paid on timber standing on public land shall be allowed as a credit against any tax imposed with respect to the business of harvesting timber from publicly

owned land under RCW 84.33.041. However, the amount of credit allowed shall not exceed the amount of excise tax due in respect to the business of harvesting timber from publicly owned land.

[1984 c 204 § 21; 1983 1st ex.s. c 62 § 8.]

## **Student Loan Organizations (B&O)**

### **82.04.367**

This chapter does not apply to gross income received by nonprofit organizations exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1954, as amended, that:

(1) Are guarantee agencies under the federal guaranteed student loan program or that issue debt to provide or acquire student loans; or

(2) Provide guarantees for student loans made through programs other than the federal guaranteed student loan program.

[1998 c 324 § 1; 1987 c 433 § 1.]

## **Student Loan Organizations (Property)**

### **84.36.030(6)**

The following real and personal property shall be exempt from taxation:

(1)(a) Property owned by nonprofit organizations or associations, organized and conducted for nonsectarian purposes, which shall be used for character-building, benevolent, protective or rehabilitative social services directed at persons of all ages.

(b) The sale of donated merchandise shall not be considered a commercial use of the property under this section if the proceeds are devoted to the furtherance of the purposes of the selling organization or association as specified in this subsection (1).

(c) In a county with a population of less than twenty thousand, the rental or use of property, owned by a nonprofit organization or association described in (a) of this subsection, by a person, group, or organization in one of the following ways shall not nullify the exemption:

(i) The property may be rented or used for pecuniary gain or for business activities or by individuals, groups, and organizations for private purposes if the rental or use:

(A) Does not exceed fifteen days each assessment year;

(B) No comparable private for-profit facility exists within ten miles of the property that could be used for the same purpose for which the property is loaned or rented; and

(C) All income from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or for exempt purposes; or

(ii) The property is rented or used by a nonprofit community group or other nonprofit organization that might not qualify for exemption if it owned the property as long as the rental or use of the property:

- (A) Does not exceed fifteen days each assessment year;
- (B) Does not result in pecuniary gain;
- (C) Does not involve business activities;
- (D) Is always for the general public good; and
- (E) All income from the rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or for exempt purposes.

(2) Property owned by any nonprofit church, denomination, group of churches, or an organization or association, the membership of which is comprised solely of churches or their qualified representatives, which is utilized as a camp facility if used for organized and supervised recreational activities and church purposes as related to such camp facilities. The exemption provided by this paragraph shall apply to a maximum of two hundred acres of any such camp as selected by the church, including buildings and other improvements thereon.

(3) Property, including buildings and improvements required for the maintenance and safeguarding of such property, owned by nonprofit organizations or associations engaged in character building of boys and girls under eighteen years of age, and used for such purposes and uses, provided such purposes and uses are for the general public good: PROVIDED, That if existing charters provide that organizations or associations, which would otherwise qualify under the provisions of this paragraph, serve boys and girls up to the age of twenty-one years, then such organizations or associations shall be deemed qualified pursuant to this section.

(4)(a) Property owned by all organizations and societies of veterans of any war of the United States, recognized as such by the department of defense, which shall have national charters, and which shall have for their general purposes and objects the preservation of the memories and associations incident to their war service and the consecration of the efforts of their members to mutual helpfulness and to patriotic and community service to state and nation. To be exempt such property must be used in such manner as may be reasonably necessary to carry out the purposes and objects of such societies.

(b) The use of the property for pecuniary gain or for business activities, except as provided in this subsection (4), nullifies the exemption otherwise available for the property for the assessment year. The exemption is not nullified by:

- (i) The collection of rent or donations if the amount is reasonable and does not exceed maintenance and operation expenses.
- (ii) Fund-raising activities conducted by a nonprofit organization.

(iii) The use of the property for pecuniary gain for periods of not more than fifteen days in a year.

(c) An inadvertent use of the property in a manner inconsistent with the purpose for which exemption is granted, if the inadvertent use is not part of a pattern of use. A pattern of use is presumed when an inadvertent use is repeated in the same assessment year or in two or more successive assessment years.

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

(6) Property owned by nonprofit organizations exempt from federal income tax under section 501(c)(3) of the internal revenue code of 1954, as amended, that are guarantee agencies under the federal guaranteed student loan program or that issue debt to provide or acquire student loans.

(7) To be exempt under this section, the property must be used exclusively for the purposes for which exemption is granted, except as provided in RCW 84.36.805.

(8) For the purposes of this section, "general public good" means members of the community derive a benefit from the rental or use of the property by the nonprofit community group or organization.

[2006 c 305 § 1; 1993 c 327 § 2; 1990 c 283 § 6; 1987 c 433 § 2; 1984 c 220 § 1; 1983 1st ex.s. c 25 § 1; 1973 2nd ex.s. c 40 § 2. Prior: 1971 ex.s. c 292 § 70; 1971 ex.s. c 64 § 1; 1969 c 137 § 1; 1961 c 15 § 84.36.030; prior: 1955 c 196 § 5; prior: (i) 1939 c 206 § 8, part; 1933 ex.s. c 19 § 1, part; 1933 c 115 § 1, part; 1929 c 126 § 1, part; 1925 ex.s. c 130 § 7, part; 1915 c 131 § 1, part; 1903 c 178 § 1, part; 1901 c 176 § 1, part; 1899 c 141 § 2, part; 1897 c 71 §§ 1, 5, part; 1895 c 176 § 2, part; 1893 c 124 §§ 1, 5, part; 1891 c 140 §§ 1, 5, part; 1890 p 532 §§ 1, 5, part; 1886 p 47 § 1, part; Code 1881 § 2829, part; 1871 p 37 § 4, part; 1869 p 176 § 4, part; 1867 p 61 § 2, part; 1854 p 331 § 2, part; RRS § 11111, part. (ii) 1945 c 109 § 1; Rem. Supp. 1945 § 11111a.]

## **Successive Use (Petroleum Products)**

### **82.23A.030(1)**

The following are exempt from the tax imposed in this chapter:

(1) Any successive possession of a previously taxed petroleum product. If tax due under this chapter has not been paid with respect to a petroleum product, the department may collect the tax from any person who has had possession of the petroleum product. If the tax is paid by any person other than the first person having taxable possession of a petroleum product, the amount of tax paid

shall constitute a debt owed by the first person having taxable possession to the person who paid the tax.

(2) Any possession of a petroleum product by a natural person under circumstances where the substance is used, or is to be used, for a personal or domestic purpose (and not for any business purpose) by that person or a relative of, or person residing in the same dwelling as, that person.

(3) Persons or activities which the state is prohibited from taxing under the United States Constitution.

(4) Any persons possessing a petroleum product where such possession first occurred before July 1, 1989.

(5) Any possession of (a) natural gas, (b) petroleum coke, or (c) liquid fuel or fuel gas used in petroleum processing.

(6) Any possession of petroleum products that are exported for use or sale outside this state as fuel.

(7) Any possession of petroleum products packaged for sale to ultimate consumers.

[1989 c 383 § 17.]

## **Syrup Exported (Syrup)**

### **82.64.030(2)**

The following are exempt from the taxes imposed in this chapter:

(1) Any successive sale of a previously taxed syrup.

(2) Any syrup that is transferred to a point outside the state for use outside the state. The department shall provide by rule appropriate procedures and exemption certificates for the administration of this exemption.

(3) Any sale at wholesale of a trademarked syrup by any person to a person commonly known as a bottler who is appointed by the owner of the trademark to manufacture, distribute, and sell such trademarked syrup within a specified geographic territory.

(4) Any sale of syrup in respect to which a tax on the privilege of possession was paid under this chapter before June 1, 1991.

[1994 sp.s. c 7 § 907 (Referendum Bill No. 43, approved November 8, 1994); 1991 c 80 § 3; 1989 c 271 § 507.]

## **Syrup Previously Taxed (Syrup)**

### **82.64.030(1)**

The following are exempt from the taxes imposed in this chapter:

(1) Any successive sale of a previously taxed syrup.

(2) Any syrup that is transferred to a point outside the state for use outside the state. The department shall provide by rule appropriate procedures and exemption certificates for the administration of this exemption.

(3) Any sale at wholesale of a trademarked syrup by any person to a person commonly known as a bottler who is appointed by the owner of the trademark to manufacture, distribute, and sell such trademarked syrup within a specified geographic territory.

(4) Any sale of syrup in respect to which a tax on the privilege of possession was paid under this chapter before June 1, 1991.

[1994 sp.s. c 7 § 907 (Referendum Bill No. 43, approved November 8, 1994); 1991 c 80 § 3; 1989 c 271 § 507.]

## **Syrup Purchased Before Tax Imposed (Syrup)**

### **82.64.030(4)**

The following are exempt from the taxes imposed in this chapter:

(1) Any successive sale of a previously taxed syrup.

(2) Any syrup that is transferred to a point outside the state for use outside the state. The department shall provide by rule appropriate procedures and exemption certificates for the administration of this exemption.

(3) Any sale at wholesale of a trademarked syrup by any person to a person commonly known as a bottler who is appointed by the owner of the trademark to manufacture, distribute, and sell such trademarked syrup within a specified geographic territory.

(4) Any sale of syrup in respect to which a tax on the privilege of possession was paid under this chapter before June 1, 1991.

[1994 sp.s. c 7 § 907 (Referendum Bill No. 43, approved November 8, 1994); 1991 c 80 § 3; 1989 c 271 § 507.]

## **Trademarked Syrup (Syrup)**

### **82.64.030(3)**

The following are exempt from the taxes imposed in this chapter:

(1) Any successive sale of a previously taxed syrup.

(2) Any syrup that is transferred to a point outside the state for use outside the state. The department shall provide by rule appropriate procedures and exemption certificates for the administration of this exemption.

(3) Any sale at wholesale of a trademarked syrup by any person to a person commonly known as a bottler who is appointed by the owner of the trademark to manufacture, distribute, and sell such trademarked syrup within a specified geographic territory.

(4) Any sale of syrup in respect to which a tax on the privilege of possession was paid under this chapter before June 1, 1991.

[1994 sp.s. c 7 § 907 (Referendum Bill No. 43, approved November 8, 1994); 1991 c 80 § 3; 1989 c 271 § 507.]

## **Ferrosilicon (Sales and Use)**

### **82.04.050(1)(a)(iv)**

(1)(a) "Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) to all persons irrespective of the nature of their business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than a sale to a person who:

(i) Purchases for the purpose of resale as tangible personal property in the regular course of business without intervening use by such person, but a purchase for the purpose of resale by a regional transit authority under RCW 81.112.300 is not a sale for resale; or

(ii) Installs, repairs, cleans, alters, imprints, improves, constructs, or decorates real or personal property of or for consumers, if such tangible personal property becomes an ingredient or component of such real or personal property without intervening use by such person; or

(iii) Purchases for the purpose of consuming the property purchased in producing for sale as a new article of tangible personal property or substance, of which such property becomes an ingredient or component or is a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale; or

(iv) Purchases for the purpose of consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(v) Purchases for the purpose of providing the property to consumers as part of competitive telephone service, as defined in RCW 82.04.065; or

(vi) Purchases for the purpose of satisfying the person's obligations under an extended warranty as defined in subsection (7) of this section, if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person.

(b) The term includes every sale of tangible personal property that is used or consumed or to be used or consumed in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property is resold or used as provided in (a)(i) through (vi) of this subsection following such use.

(c) The term also means every sale of tangible personal property to persons engaged in any business that is taxable under RCW 82.04.280(1) (a), (b), and (g), 82.04.290, and 82.04.2908.

(2) The term "sale at retail" or "retail sale" includes the sale of or charge made for tangible personal property consumed and/or for labor and services rendered in respect to the following:

(a) The installing, repairing, cleaning, altering, imprinting, or improving of tangible personal property of or for consumers, including charges made for the mere use of facilities in respect thereto, but excluding charges made for the use of self-service laundry facilities, and also excluding sales of laundry service to nonprofit health care facilities, and excluding services rendered in respect to live animals, birds and insects;

(b) The constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for consumers, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation, and also includes the sale of services or charges made for the clearing of land and the moving of earth excepting the mere leveling of land used in commercial farming or agriculture;

(c) The constructing, repairing, or improving of any structure upon, above, or under any real property owned by an owner who conveys the property by title, possession, or any other means to the person performing such construction, repair, or improvement for the purpose of performing such construction, repair, or improvement and the property is then reconveyed by title, possession, or any other means to the original owner;

(d) The cleaning, fumigating, razing, or moving of existing buildings or structures, but does not include the charge made for janitorial services; and for purposes of this section the term "janitorial services" means those cleaning and caretaking services ordinarily performed by commercial janitor service businesses including, but not limited to, wall and window washing, floor cleaning and waxing, and the cleaning in place of rugs, drapes and upholstery. The term "janitorial services" does not include painting, papering, repairing, furnace or septic tank cleaning, snow removal or sandblasting;

(e) Automobile towing and similar automotive transportation services, but not in respect to those required to report and pay taxes under chapter 82.16 RCW;

(f) The furnishing of lodging and all other services by a hotel, rooming house, tourist court, motel, trailer camp, and the granting of any similar license to use real property, as distinguished from the renting or leasing of real property, and it is presumed that the occupancy of real property for a continuous period of one month or more constitutes a rental or lease of real property and not a

mere license to use or enjoy the same. For the purposes of this subsection, it is presumed that the sale of and charge made for the furnishing of lodging for a continuous period of one month or more to a person is a rental or lease of real property and not a mere license to enjoy the same;

(g) The installing, repairing, altering, or improving of digital goods for consumers;

(h) Persons taxable under (a), (b), (c), (d), (e), (f), and (g) of this subsection when such sales or charges are for property, labor and services which are used or consumed in whole or in part by such persons in the performance of any activity defined as a "sale at retail" or "retail sale" even though such property, labor and services may be resold after such use or consumption. Nothing contained in this subsection may be construed to modify subsection (1) of this section and nothing contained in subsection (1) of this section may be construed to modify this subsection.

(3) The term "sale at retail" or "retail sale" includes the sale of or charge made for personal, business, or professional services including amounts designated as interest, rents, fees, admission, and other service emoluments however designated, received by persons engaging in the following business activities:

(a) Amusement and recreation services including but not limited to golf, pool, billiards, skating, bowling, ski lifts and tows, day trips for sightseeing purposes, and others, when provided to consumers;

(b) Abstract, title insurance, and escrow services;

(c) Credit bureau services;

(d) Automobile parking and storage garage services;

(e) Landscape maintenance and horticultural services but excluding (i) horticultural services provided to farmers and (ii) pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment, if performed by or at the direction of an electric utility;

(f) Service charges associated with tickets to professional sporting events; and

(g) The following personal services: Physical fitness services, tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services.

(4)(a) The term also includes the renting or leasing of tangible personal property to consumers.

(b) The term does not include the renting or leasing of tangible personal property where the lease or rental is for the purpose of sublease or subrent.

(5) The term also includes the providing of "competitive telephone service," "telecommunications service," or "ancillary services," as those terms are defined in RCW 82.04.065, to consumers.

(6)(a) The term also includes the sale of prewritten computer software to a consumer, regardless of the method of delivery to the end user. For purposes of this subsection (6)(a), the sale of prewritten computer software includes the sale of or charge made for a key or an enabling or activation code, where the key or code is required to activate prewritten computer software and put the software into use. There is no separate sale of the key or code from the prewritten computer software, regardless of how the sale may be characterized by the vendor or by the purchaser.

The term "retail sale" does not include the sale of or charge made for:

- (i) Custom software; or
- (ii) The customization of prewritten computer software.

(b)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software, where possession of the software is maintained by the seller or a third party, regardless of whether the charge for the service is on a per use, per user, per license, subscription, or some other basis.

(ii)(A) The service described in (b)(i) of this subsection (6) includes the right to access and use prewritten computer software to perform data processing.

(B) For purposes of this subsection (6)(b)(ii), "data processing" means the systematic performance of operations on data to extract the required information in an appropriate form or to convert the data to usable information. Data processing includes check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

(7) The term also includes the sale of or charge made for an extended warranty to a consumer. For purposes of this subsection, "extended warranty" means an agreement for a specified duration to perform the replacement or repair of tangible personal property at no additional charge or a reduced charge for tangible personal property, labor, or both, or to provide indemnification for the replacement or repair of tangible personal property, based on the occurrence of specified events. The term "extended warranty" does not include an agreement, otherwise meeting the definition of extended warranty in this subsection, if no separate charge is made for the agreement and the value of the agreement is included in the sales price of the tangible personal property covered by the agreement. For purposes of this subsection, "sales price" has the same meaning as in RCW 82.08.010.

(8)(a) The term also includes the following sales to consumers of digital goods, digital codes, and digital automated services:

- (i) Sales in which the seller has granted the purchaser the right of permanent use;
- (ii) Sales in which the seller has granted the purchaser a right of use that is less than permanent;

(iii) Sales in which the purchaser is not obligated to make continued payment as a condition of the sale; and

(iv) Sales in which the purchaser is obligated to make continued payment as a condition of the sale.

(b) A retail sale of digital goods, digital codes, or digital automated services under this subsection (8) includes any services provided by the seller exclusively in connection with the digital goods, digital codes, or digital automated services, whether or not a separate charge is made for such services.

(c) For purposes of this subsection, "permanent" means perpetual or for an indefinite or unspecified length of time. A right of permanent use is presumed to have been granted unless the agreement between the seller and the purchaser specifies or the circumstances surrounding the transaction suggest or indicate that the right to use terminates on the occurrence of a condition subsequent.

(9) The term also includes the charge made for providing tangible personal property along with an operator for a fixed or indeterminate period of time. A consideration of this is that the operator is necessary for the tangible personal property to perform as designed. For the purpose of this subsection (9), an operator must do more than maintain, inspect, or set up the tangible personal property.

(10) The term does not include the sale of or charge made for labor and services rendered in respect to the building, repairing, or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind.

(11) The term also does not include sales of chemical sprays or washes to persons for the purpose of postharvest treatment of fruit for the prevention of scald, fungus, mold, or decay, nor does it include sales of feed, seed, seedlings, fertilizer, agents for enhanced pollination including insects such as bees, and spray materials to: (a) Persons who participate in the federal conservation reserve program, the environmental quality incentives program, the wetlands reserve program, and the wildlife habitat incentives program, or their successors administered by the United States department of agriculture; (b) farmers for the purpose of producing for sale any agricultural product; and (c) farmers acting under cooperative habitat development or access contracts with an organization exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3) of the federal internal revenue code or the Washington state department of fish and wildlife to produce or improve wildlife habitat on land that the farmer owns or leases.

(12) The term does not include the sale of or charge made for labor and services rendered in respect to the constructing, repairing, decorating, or improving of new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality

thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing, or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation. Nor does the term include the sale of services or charges made for the clearing of land and the moving of earth of or for the United States, any instrumentality thereof, or a county or city housing authority. Nor does the term include the sale of services or charges made for cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

(13) The term does not include the sale of or charge made for labor, services, or tangible personal property pursuant to agreements providing maintenance services for bus, rail, or rail fixed guideway equipment when a regional transit authority is the recipient of the labor, services, or tangible personal property, and a transit agency, as defined in RCW 81.104.015, performs the labor or services.

(14) The term does not include the sale for resale of any service described in this section if the sale would otherwise constitute a "sale at retail" and "retail sale" under this section.

[2011 c 174 § 202. Prior: 2010 c 112 § 14; 2010 c 111 § 201; 2010 c 106 § 202; prior: 2009 c 563 § 301; 2009 c 535 § 301; prior: 2007 c 54 § 4; 2007 c 6 § 1004; prior: 2005 c 515 § 2; 2005 c 514 § 101; prior: 2004 c 174 § 3; 2004 c 153 § 407; 2003 c 168 § 104; 2002 c 178 § 1; 2000 2nd sp.s. c 4 § 23; prior: 1998 c 332 § 2; 1998 c 315 § 1; 1998 c 308 § 1; 1998 c 275 § 1; 1997 c 127 § 1; prior: 1996 c 148 § 1; 1996 c 112 § 1; 1995 1st sp.s. c 12 § 2; 1995 c 39 § 2; 1993 sp.s. c 25 § 301; 1988 c 253 § 1; prior: 1987 c 285 § 1; 1987 c 23 § 2; 1986 c 231 § 1; 1983 2nd ex.s. c 3 § 25; 1981 c 144 § 3; 1975 1st ex.s. c 291 § 5; 1975 1st ex.s. c 90 § 1; 1973 1st ex.s. c 145 § 1; 1971 ex.s. c 299 § 3; 1971 ex.s. c 281 § 1; 1970 ex.s. c 8 § 1; prior: 1969 ex.s. c 262 § 30; 1969 ex.s. c 255 § 3; 1967 ex.s. c 149 § 4; 1965 ex.s. c 173 § 1; 1963 c 7 § 1; prior: 1961 ex.s. c 24 § 1; 1961 c 293 § 1; 1961 c 15 § 82.04.050; prior: 1959 ex.s. c 5 § 2; 1957 c 279 § 1; 1955 c 389 § 6; 1953 c 91 § 3; 1951 2nd ex.s. c 28 § 3; 1949 c 228 § 2, part; 1945 c 249 § 1, part; 1943 c 156 § 2, part; 1941 c 178 § 2, part; 1939 c 225 § 2, part; 1937 c 227 § 2, part; 1935 c 180 § 5, part; Rem. Supp. 1949 § 8370-5, part.]

**82.04.190(1)(d)**

"Consumer" means the following:

(1) Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property irrespective of the nature of the person's business and including, among others, without limiting the scope hereof, persons who install, repair, clean, alter, improve, construct, or decorate real or personal property of or for consumers other than for the purpose of:

- (a) Resale as tangible personal property in the regular course of business;
- (b) Incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers;

(c) Consuming such property in producing for sale as a new article of tangible personal property or a new substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

(d) Consuming the property purchased in producing ferrosilicon which is subsequently used in producing magnesium for sale, if the primary purpose of such property is to create a chemical reaction directly through contact with an ingredient of ferrosilicon; or

(e) Satisfying the person's obligations under an extended warranty as defined in RCW 82.04.050(7), if such tangible personal property replaces or becomes an ingredient or component of property covered by the extended warranty without intervening use by such person;

(2)(a) Any person engaged in any business activity taxable under RCW 82.04.290 or 82.04.2908; (b) any person who purchases, acquires, or uses any competitive telephone service, ancillary services, or telecommunications service as those terms are defined in RCW 82.04.065, other than for resale in the regular course of business; (c) any person who purchases, acquires, or uses any service defined in RCW 82.04.050(2) (a) or (g), other than for resale in the regular course of business or for the purpose of satisfying the person's obligations under an extended warranty as defined in RCW 82.04.050(7); (d) any person who purchases, acquires, or uses any amusement and recreation service defined in RCW 82.04.050(3)(a), other than for resale in the regular course of business; (e) any person who purchases or acquires an extended warranty as defined in RCW 82.04.050(7) other than for resale in the regular course of business; and (f) any person who is an end user of software. For purposes of this subsection (2)(f) and RCW 82.04.050(6), a person who purchases or otherwise acquires prewritten computer software, who provides services described in RCW 82.04.050(6)(b) and who will charge consumers for the right to access and use the prewritten computer software, is not an end user of the prewritten computer software;

(3) Any person engaged in the business of contracting for the building, repairing or improving of any street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state of Washington or by the United States and which is used or to be used primarily for foot or vehicular traffic including mass transportation vehicles of any kind as defined in RCW 82.04.280, in respect to tangible personal property when such person incorporates such property as an ingredient or component of such publicly owned street, place, road, highway, easement, right-of-way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle by installing, placing or spreading the property in or upon the right-of-way of such street, place, road, highway, easement, bridge, tunnel, or trestle or in or upon the site of such mass public transportation terminal or parking facility;

(4) Any person who is an owner, lessee or has the right of possession to or an easement in real property which is being constructed, repaired, decorated, improved, or otherwise altered by a person engaged in business, excluding only (a) municipal corporations or political subdivisions of the state in respect to labor and services rendered to their real property which is used or held for

public road purposes, and (b) the United States, instrumentalities thereof, and county and city housing authorities created pursuant to chapter 35.82 RCW in respect to labor and services rendered to their real property. Nothing contained in this or any other subsection of this definition shall be construed to modify any other definition of "consumer";

(5) Any person who is an owner, lessee, or has the right of possession to personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business;

(6) Any person engaged in the business of constructing, repairing, decorating, or improving new or existing buildings or other structures under, upon, or above real property of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW, including the installing or attaching of any article of tangible personal property therein or thereto, whether or not such personal property becomes a part of the realty by virtue of installation; also, any person engaged in the business of clearing land and moving earth of or for the United States, any instrumentality thereof, or a county or city housing authority created pursuant to chapter 35.82 RCW. Any such person is a consumer within the meaning of this subsection in respect to tangible personal property incorporated into, installed in, or attached to such building or other structure by such person, except that consumer does not include any person engaged in the business of constructing, repairing, decorating, or improving new or existing buildings or other structures under, upon, or above real property of or for the United States, or any instrumentality thereof, if the investment project would qualify for sales and use tax deferral under chapter 82.63 RCW if undertaken by a private entity;

(7) Any person who is a lessor of machinery and equipment, the rental of which is exempt from the tax imposed by RCW 82.08.020 under RCW 82.08.02565, with respect to the sale of or charge made for tangible personal property consumed in respect to repairing the machinery and equipment, if the tangible personal property has a useful life of less than one year. Nothing contained in this or any other subsection of this section may be construed to modify any other definition of "consumer";

(8) Any person engaged in the business of cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development;

(9) Any person who is an owner, lessee, or has the right of possession of tangible personal property that, under the terms of an extended warranty as defined in RCW 82.04.050(7), has been repaired or is replacement property, but only with respect to the sale of or charge made for the repairing of the tangible personal property or the replacement property;

(10) Any person who purchases, acquires, or uses services described in RCW 82.04.050(6)(b) other than:

(a) For resale in the regular course of business; or

(b) For purposes of consuming the service described in RCW 82.04.050(6)(b) in producing for sale a new product, but only if such service becomes a component of the new product. For purposes of this subsection (10), "product" means a digital product, an article of tangible personal property, or the service described in RCW 82.04.050(6)(b);

(11)(a) Any end user of a digital product or digital code. "Consumer" does not include any person who is not an end user of a digital product or a digital code and purchases, acquires, owns, holds, or uses any digital product or digital code for purposes of consuming the digital product or digital code in producing for sale a new product, but only if the digital product or digital code becomes a component of the new product. A digital code becomes a component of a new product if the digital good or digital automated service acquired through the use of the digital code becomes incorporated into a new product. For purposes of this subsection, "product" has the same meaning as in subsection (10) of this section.

(b)(i) For purposes of this subsection, "end user" means any taxpayer as defined in RCW 82.12.010 other than a taxpayer who receives by contract a digital product for further commercial broadcast, rebroadcast, transmission, retransmission, licensing, relicensing, distribution, redistribution or exhibition of the product, in whole or in part, to others. A person that purchases digital products or digital codes for the purpose of giving away such products or codes will not be considered to have engaged in the distribution or redistribution of such products or codes and will be treated as an end user;

(ii) If a purchaser of a digital code does not receive the contractual right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates, then the purchaser of the digital code is an end user. If the purchaser of the digital code receives the contractual right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates, then the purchaser of the digital code is not an end user. A purchaser of a digital code who has the contractual right to further redistribute the digital code is an end user if that purchaser does not have the right to further redistribute, after the digital code is redeemed, the underlying digital product to which the digital code relates; and

(12) Any person who provides services described in RCW 82.04.050(9). Any such person is a consumer with respect to the purchase, acquisition, or use of the tangible personal property that the person provides along with an operator in rendering services defined as a retail sale in RCW 82.04.050(9). Any such person may also be a consumer under other provisions of this section.

[2010 c 111 § 202; 2010 c 106 § 204; 2009 c 535 § 302; 2007 c 6 § 1008; 2005 c 514 § 103. Prior: 2004 c 174 § 4; 2004 c 2 § 8; 2002 c 367 § 2; prior: 1998 c 332 § 6; 1998 c 308 § 2; prior: 1996 c 173 § 2; 1996 c 148 § 4; 1996 c 112 § 2; 1995 1st sp.s. c 3 § 4; 1986 c 231 § 2; 1985 c 134 § 1; 1983 2nd ex.s. c 3 § 27; 1975 1st ex.s. c 90 § 2; 1971 ex.s. c 299 § 4; 1969 ex.s. c 255 § 4; 1967 ex.s. c 149 § 6; 1965 ex.s. c 173 § 4; 1961 c 15 § 82.04.190 ; prior: 1959 ex.s. c 3 § 3; 1957 c 279 § 2; 1955 c 389 § 20; prior: 1949 c 228 § 2, part; 1945 c 249 § 1, part; 1943 c 156 § 2, part; 1941 c 178 § 2, part; 1939 c 225 § 2, part; 1937 c 227 § 2, part; 1935 c 180 § 5, part; Rem. Supp. 1949 § 8370-5, part.]

State of Washington  
Joint Legislative Audit & Review Committee (JLARC)

## **2013 Tax Preferences Preview**

May 21, 2012

This document contains information taken from the Department of Revenue (DOR) 2008 and 2012 Tax Exemption Reports on the 68 tax preferences scheduled for 2013. This document is intended to assist the Commission in selecting 22 of these preferences for JLARC review. JLARC has not evaluated any of these preferences.

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# HEALTH MAINTENANCE ORGANIZATIONS (B&O)

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Current statute: RCW 82.04.322

## Department of Revenue 2012 Tax Exemption Report (p. 49):

**Description:** Health maintenance organizations, health care service contractors and certified health plans are exempt from B&O tax on income that is subject to the state insurance premiums tax.

**Purpose:** To avoid subjecting insurance premiums to more than one state business tax.

**Category/Year Enacted:** Tax base. 1993

**Primary Beneficiaries:** HMOs, HCSCs and CHPs and their members.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$196,000	\$198,000	\$167,000	\$169,000
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, assuming that RCW 48.14.080 were also amended to allow B&O taxation of premium income.

# PUBLIC AND NONPROFIT HOSPITALS, MEDICARE INCOME (B&O)

---

Current statute: RCW 82.04.4311

## Department of Revenue 2012 Tax Exemption Report (p. 91):

**Description:** B&O tax deduction is allowed for public and nonprofit hospitals and community health centers for health care services received from the federal Medicare program, state health programs under Chapter 74.09 RCW, or the state's basic health program. The deduction applies regardless if the revenues were received directly from these programs or through managed health care organizations. The deduction is limited to payments from these governmental programs and does not extend to patient copayments or deductibles.

**Purpose:** To recognize that the provision of health services to people who receive federal or state subsidized health benefits by reason of age, disability or income level is a necessary and vital governmental function.

**Category/Year Enacted:** Nonprofit - health or social welfare. 2002 (Health centers added in 2005.)

**Primary Beneficiaries:** Nonprofit and public hospitals and community health centers.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$101,000	\$105,000	\$110,000	\$114,000
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# LOCAL RESIDENTIAL & COIN-OP TELEPHONE SERVICE (SALES AND USE)

---

Current statute: RCW 82.08.0289

## Department of Revenue 2012 Tax Exemption Report (p. 224):

**Description:** Exemption from retail sales/use tax is allowed for local calls made by residential telephone customers, calls made from coin-operated payphones, and calls made from cell phones by a customer whose primary place of use is outside the state.

**Purpose:** To relieve the tax burden for the "necessary" portion of telephone service (i.e., local calls by individuals). The coin-operated exemption is for purposes of administrative simplicity, while the mobile telecommunication service exemption is consistent with the state's implementation of the federal mobile telecommunication act and is intended to clarify "sourcing" issues related to taxing cell phone usage.

**Category/Year Enacted:** Individuals. 1983; extended to out-of-state mobile phones in 2002.

**Primary Beneficiaries:** Residential telephone customers, coin-operated phone users and nonresident owners of mobile phones.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$43,373	\$43,373	\$43,373	\$43,373
Local taxes	\$16,185	\$16,185	\$16,185	\$16,185

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# MEDICARE, GAU, AND BHP RECEIPTS (INSURANCE PREMIUM)

---

Current statute: RCW 48.14.0201(6)(a)-(b)

## Department of Revenue 2012 Tax Exemption Report (p. 141):

**Description:** Health maintenance organizations (HMOs) and health care service contractors (HCSCs) are exempt from premiums tax on Medicare payments received from the federal government.

**Purpose:** To reduce the cost of providing health care for Medicare patients.

**Category/Year Enacted:** Other business. 1993

**Primary Beneficiaries:** HMOs and HCSCs that provide coverage for Medicare patients.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$37,050	\$38,902	\$40,847	\$42,889
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

**Description:** General Assistance Unemployable (GAU) medical care receipts and Basic Health Care premiums are exempt from insurance premiums tax.

**Purpose:** To avoid taxing receipts from state sources.

**Category/Year Enacted:** Other business. 1993

**Primary Beneficiaries:** HCSCs that provide benefits to recipients of GAU and Basic Health assistance.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$5,047	\$5,097	\$5,148	\$5,200
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# COMPETITIVE TELEPHONE SERVICE (SALES AND USE)

---

Current statute: RCW 82.04.050(1)(a)

## Department of Revenue 2012 Tax Exemption Report (p. 170):

**Description:** Retail sales/use tax does not apply to purchases of tangible personal property made for the purpose of providing the property to consumers as part of a competitive telephone service.

**Purpose:** To avoid the possibility of double taxation of the same product.

**Category/Year Enacted:** Business incentive. 1981

**Primary Beneficiaries:** Providers of telecommunication services.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$22,889	\$23,347	\$23,814	\$24,290
Local taxes	\$8,323	\$8,490	\$8,659	\$8,833

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# RETAILING (B&O)

---

Current statute: RCW 82.04.250(1)

## Department of Revenue 2012 Tax Exemption Report (p. 98):

**Description:** Until 1983, retailers paid the same B&O tax rate as manufacturers and wholesalers. In that year the B&O rates were increased by 10 percent (to 0.484 percent) for the latter two classifications, but only by seven percent for retailers (to 0.471 percent).

**Purpose:** Part of the rationale for the lower retailing tax rate was the recognition that during the 1981-83 biennium the state sales tax rate was increased from 4.5 to 6.5 percent and this large increase may have adversely impacted retailing firms. Further, the state does not allow any compensation to retailers for their costs incurred in collecting the state and local sales tax.

**Category/Year Enacted:** Other business. 1983

**Primary Beneficiaries:** Approximately 190,000 firms that make retail sales.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$22,610	\$24,782	\$25,648	\$26,543
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# LOCAL GOVERNMENT BUSINESS INCOME (B&O)

---

Current statute: RCW 82.04.419

## Department of Revenue 2012 Tax Exemption Report (p. 39):

**Description:** Exemption from B&O tax is provided for local governments, including school and fire districts, with the exception of income from utility or enterprise activities.

**Purpose:** To reflect the legislative policy of not taxing government activities, except for proprietary activities such as the provision of utility services.

**Category/Year Enacted:** Government. 1983

**Primary Beneficiaries:** Local governments.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$20,550	\$21,880	\$19,410	\$20,670
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# USED MOBILE HOMES (SALES AND USE)

---

Current statutes: RCW 82.08.033; 82.12.033

## Department of Revenue 2012 Tax Exemption Report (p. 228):

**Description:** Exemption from retail sales/use tax is allowed for the sale, rental or lease (more than 30 days) of a used mobile home that is attached to the land.

**Purpose:** To provide tax treatment for such mobile homes comparable to the treatment of residential real estate. The initial purchase of a mobile home, like the construction of a residential home built for an owner by a contractor, is subject to retail sales tax. Subsequent sales of mobile homes that are attached to the land are subject to real estate excise tax rather than retail sales tax, just as they are for other homes.

**Category/Year Enacted:** Individuals. 1979

**Primary Beneficiaries:** Purchasers/renters of used mobile homes.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000)\*:**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$14,484	\$14,574	\$14,661	\$14,749
Local taxes	\$4,857	\$4,886	\$4,915	\$4,945

\*Impact is net of state and local real estate excise taxes.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, but unlike normal residential property, these units would be subject to both sales/use tax and real estate excise tax.

# NONPROFIT HOMES FOR AGING (PROPERTY)

---

Current statute: RCW 84.36.041

## Department of Revenue 2008 Tax Exemption Report (p. 19):

**Description:** Real and personal property used by a nonprofit home for the aging is exempt from property tax if: (a) at least 50% of the dwelling units are occupied by eligible residents (age 61 or older with annual household income not greater than \$22,000 or 80% of the county median income); (b) the home is subsidized under a federal HUD program; or (c) the home is financed using bonds that are exempt from federal income tax and a percentage of the units are required to be set aside for low income residents. If the home fails to qualify in its entirety, a partial exemption for the real property is prorated based on the number of eligible residents or those requiring assistance with daily activities.

**Purpose:** To provide equity between the senior citizens who own their own homes and qualify for the senior citizens property tax exemption and those who reside in homes for the aging.

**Category/Year Enacted:** Nonprofit - health or social welfare. Established as a separate statute in 1989.

**Primary Beneficiaries:** Approximately 115 nonprofit retirement homes comprising 426 parcels.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$2,209	\$2,320	\$2,398	\$2,433
Local levies	\$8,816	\$9,399	\$9,857	\$10,155

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# DENTISTRY (INSURANCE PREMIUM)

---

Current statute: RCW 48.14.0201(6)(c)

## Department of Revenue 2012 Tax Exemption Report (p. 142):

**Description:** Health care service contractors (HCSCs) are exempt from insurance premiums tax on amounts received from dental plans.

**Purpose:** To reduce the cost of providing dental coverage.

**Category/Year Enacted:** Other business. 1993

**Primary Beneficiaries:** HCSCs that provide dental benefits.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$11,387	\$11,729	\$12,081	\$12,443
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# FISHING BOAT FUEL (SALES AND USE)

---

Current statutes: RCW 82.08.0298; 82.12.0298

## Department of Revenue 2012 Tax Exemption Report (p. 177):

**Description:** Diesel fuel used by vessels engaged in commercial deep-sea fishing or in the operation of commercial charter fishing boats is exempt from retail sales/use tax. Such vessels must regularly operate outside of state territorial waters and the gross income from fishing must be at least \$5,000 annually.

**Purpose:** To recognize that the majority of such fuel is consumed outside of the state.

**Category/Year Enacted:** Other business. 1987

**Primary Beneficiaries:** Commercial fishers and sport fishing charter boat operators.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$5,639	\$5,710	\$5,783	\$5,856
Local taxes	\$2,097	\$2,123	\$2,150	\$2,177

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT YOUTH AND LOCAL GOVT RECREATION SERVICES (SALES AND USE)

---

Current statutes: RCW 82.08.0291; 82.12.02917

## Department of Revenue 2012 Tax Exemption Report (p. 225):

**Description:** Exemption from retail sales/use tax is allowed for amusement, recreation and physical fitness services that are provided by nonprofit youth organizations and for physical fitness classes provided by a local government.

**Purpose:** To support the activities of youth organizations and to clarify that fees for physical fitness classes by local governments are not considered as enterprise income.

**Category/Year Enacted:** Nonprofit - charitable or religious. 1981, significant expansion in 1984.

**Primary Beneficiaries:** Approximately 250 nonprofit youth organizations and their members.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$5,120	\$5,274	\$5,432	\$5,595
Local taxes	\$1,906	\$1,964	\$2,022	\$2,083

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# MEDICAL DEVICES (SALES AND USE)

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Current statutes: RCW 82.08.0283; 82.12.0277

## Department of Revenue 2012 Tax Exemption Report (p. 206):

**Description:** Exemption from retail sales/use tax is provided for the following health-related products or devices: (1) prosthetic devices, including eyeglasses and frames, that are prescribed for individuals by a person licensed by the state to prescribe them; (2) medically prescribed oxygen and oxygen delivery systems; (3) medicine of mineral, animal or botanical origin that is prescribed, administered, dispensed or used in the treatment of an individual by a naturopath; and (4) components of prosthetic devices and charges for repairing devices exempted by this statute. Hearing aids, ostomic items and insulin were shifted to other statutes in 2004.

**Purpose:** To lessen the cost of medical care.

**Category/Year Enacted:** Individuals. 1975; hearing aids added in 1986; repair of hearing aids added in 1997 and components of prosthetic devices added in 1998. Further revisions in 2004 and 2005.

**Primary Beneficiaries:** Individuals who have medical conditions requiring the use of these devices.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$3,596	\$3,719	\$3,848	\$3,984
Local taxes	\$1,337	\$1,383	\$1,431	\$1,481

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# TREE TRIMMING UNDER POWER LINES (SALES AND USE)

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Current statute: RCW 82.04.050(3)(e)

## Department of Revenue 2012 Tax Exemption Report (p. 219):

**Description:** Excluded from the definition of retail sales are charges for pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment. To qualify, the work must be performed by or under the direction of an electric utility.

**Purpose:** To clarify the tax liability of these activities in light of the extension of sales tax to landscaping services in 1993.

**Category/Year Enacted:** Tax base. 1995

**Primary Beneficiaries:** Firms that prune trees and brush under electric power transmission lines and the power companies that contract for their services.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$3,302	\$3,334	\$3,563	\$3,599
Local taxes	\$1,543	\$1,558	\$1,574	\$1,590

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT MEDICAL RESEARCH, TRAINING FACILITIES (PROPERTY)

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Current statute: RCW 84.36.045

## Department of Revenue 2008 Tax Exemption Report (p. 20):

**Description:** Property tax exemption is provided for real and personal property that is owned or used by nonprofit corporations or associations which is available without charge for research by, or for the training of, doctors, nurses, laboratory technicians, and hospital personnel.

**Purpose:** To support nonprofit medical research and training facilities.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1975; extended in 1998 to leased facilities.

**Primary Beneficiaries:** Approximately 8 medical research centers comprising 21 parcels.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$840	\$899	\$947	\$979
Local levies	\$3,351	\$3,641	\$3,892	\$4,087

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# ARTISTIC AND CULTURAL ORGANIZATIONS (B&O)

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Current statutes: RCW 82.04.4322; 82.04.4324; 82.04.4326; 82.04.4327

## Department of Revenue 2012 Tax Exemption Report (p. 92):

**Description:** These four statutes provide B&O tax deductions for nonprofit artistic or cultural organizations, including performing arts groups such as music, theater, dance; and art history museums. Four types of income are covered: government grants, tuitions, manufactured items, and business income (e.g., charges for admission). Because data are typically not available on each source of income, these are considered jointly.

**Purpose:** To support the programs of artistic and cultural organizations.

**Category/Year Enacted:** Nonprofit - arts or cultural. 1981; business income added in 1985.

**Primary Beneficiaries:** Nonprofit arts and cultural organizations.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$4,430	\$4,563	\$3,928	\$4,046
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT CANCER TREATMENT CLINICS (PROPERTY)

---

Current statute: RCW 84.36.046

## Department of Revenue 2008 Tax Exemption Report (p. 21):

**Description:** Real and personal property of clinics that are primarily used in the prevention, detection and treatment of cancer is exempt from property tax, if the clinic is comprised of or formed by a nonprofit organization or municipal hospital corporation.

**Purpose:** To provide an exemption for outpatient nonprofit cancer clinics and centers. Nonprofit hospitals are exempt under RCW 84.36.040 but that statute does not cover outpatient clinics.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1997

**Primary Beneficiaries:** Six organizations comprising 25 parcels.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$659	\$706	\$743	\$769
Local levies	\$2,630	\$2,859	\$3,056	\$3,208

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# PERFORMING ARTS (PROPERTY)

---

Current statute: RCW 84.36.060(1)(b)

## Department of Revenue 2008 Tax Exemption Report (p. 24):

**Description:** Property tax exemption is provided for real and personal property that is owned by or leased to nonprofit organizations that engage in the production and performance of musical, dance, artistic, dramatic or literary works for the benefit of the public. The organization must receive a substantial part of its financial support from either government or from contributions by the general public.

**Purpose:** To support artistic, literary, musical, dance or dramatic organizations and recognize the educational and artistic contribution they make to society.

**Category/Year Enacted:** Nonprofit - arts or cultural. 1981

**Primary Beneficiaries:** Organizations such as community theaters, dance companies, music clubs, art centers, choral groups, symphonies, etc. Approximately 88 parcels owned by 66 organizations are exempt.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$658	\$691	\$714	\$725
Local levies	\$2,625	\$2,799	\$2,935	\$3,024

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# NONPROFIT BLOOD, BONE, AND TISSUE BANKS (SALES AND USE)

---

Current statutes: RCW 82.08.02805; 82.12.02747

## Department of Revenue 2012 Tax Exemption Report (p. 204):

**Description:** Nonprofit blood and tissue banks are exempt from retail sales/use tax on purchases of medical supplies, chemicals and materials. However, the exemption does not extend to construction materials, office equipment and supplies, or vehicles.

**Purpose:** To support the activities of these entities.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1995

**Primary Beneficiaries:** Three such organizations operate in Washington.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$2,481	\$2,531	\$2,582	\$2,634
Local taxes	\$922	\$940	\$959	\$978

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# INSULIN (SALES AND USE)

---

Current statutes: RCW 82.08.985; 82.12.985

## Department of Revenue 2012 Tax Exemption Report (p. 210):

**Description:** Insulin for use by humans is exempt from retail sales/use tax. (Note: insulin was previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

**Purpose:** To lessen the cost of insulin.

**Category/Year Enacted:** Individuals. 2004 (previously exempt under RCW 82.08.0283)

**Primary Beneficiaries:** Persons with diabetes.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1,962	\$2,060	\$2,163	\$2,271
Local taxes	\$729	\$766	\$804	\$844

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# ARTS & CULTURAL ORGANIZATIONS (SALES AND USE)

---

Current statutes: RCW 82.08.031; 82.12.031

## Department of Revenue 2012 Tax Exemption Report (p. 226):

**Description:** Items purchased by artistic or cultural organizations which are acquired for purposes of exhibition or presentation to the general public are exempt from retail sales/use tax. Included are objects of art, items with cultural value, objects used to create art (other than tools), and items used in displaying art and presenting cultural presentations and performances.

**Purpose:** To support these organizations and the social benefits they provide.

**Category/Year Enacted:** Nonprofit - arts or cultural. (However, the statute does not require nonprofit status.) 1981

**Primary Beneficiaries:** Approx. 300 – 325 artistic and cultural organizations and their patrons.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$2,276	\$2,276	\$2,276	\$2,276
Local taxes	\$721	\$721	\$721	\$721

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# FUEL USED IN COMMERCIAL VESSELS (B&O)

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Current statute: RCW 82.04.433

## Department of Revenue 2012 Tax Exemption Report (p. 92):

**Description:** A B&O tax deduction is provided for income derived from the sale of fuel that is consumed outside of Washington territorial waters of the U.S. in vessels engaged in foreign commerce.

**Purpose:** To foster foreign trade and encourage ocean-going vessels to purchase fuel in Washington.

**Category/Year Enacted:** Other business. 1985

**Primary Beneficiaries:** Fuel dealers and commercial vessels engaged in foreign commerce.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$2,884	\$2,921	\$2,958	\$2,995
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# USE TAX ON RENTAL VALUE (SALES AND USE)

---

Current statute: RCW 82.12.010(1)

## Department of Revenue 2012 Tax Exemption Report (p. 184):

**Description:** An out-of-state business that brings property into this state for temporary business use (less than 180 days during a 365 consecutive day period) may compute use tax based on an amount representing the reasonable rental value of the item, rather than the total market value. The usual measure of the use tax is the purchase price or the fair market value at the time of the first use in Washington.

**Purpose:** To encourage out-of-state firms to do business in Washington by allowing them to use equipment in this state on a temporary basis without incurring use tax liability on the full market value.

**Category/Year Enacted:** Other business. 1985; the allowable time for in-state use was doubled to 180 days in 1994.

**Primary Beneficiaries:** Out-of-state firms with contracts in Washington.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1,973	\$2,040	\$2,109	\$2,181
Local taxes	\$733	\$758	\$784	\$811

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT EMERGENCY OR TRANSITIONAL HOUSING (PROPERTY)

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Current statute: RCW 84.36.043

## Department of Revenue 2008 Tax Exemption Report (p. 20):

**Description:** Property tax exemption is allowed for real and personal property used by a nonprofit organization to provide emergency or transitional housing for low-income, homeless persons or for victims of domestic violence who are homeless for reasons of personal safety. To be exempt, the any charge for the housing cannot exceed the actual cost to operate and maintain the facility. (NOTE: RCW 84.36.030(1) also provides exemption for nonprofit organizations that provide "protective" services.)

**Purpose:** To support the services provided by such organizations.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1983

**Primary Beneficiaries:** Approximately 213 organizations comprising 398 parcels.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$484	\$518	\$545	\$564
Local levies	\$1,930	\$2,097	\$2,241	\$2,354

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# BOATS UNDER 16 FT (WATERCRAFT)

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Current statute: RCW 82.49.020(3)

## Department of Revenue 2012 Tax Exemption Report (p. 32):

**Description:** Certain vessels are exempt from the 0.5 percent state watercraft excise tax: military or other boats owned by the federal government; state/local government vessels; boats with less than 10 horsepower motors; boats < 16 feet in length with no motor; all human-powered boats; vessels in the state temporarily for repair; and documented vessels that are primarily engaged in interstate commerce.

**Purpose:** The exemption of commercial vessels is intended to avoid creating an impermissible burden on interstate commerce and to recognize the prohibition against directly taxing the federal government. The exemption of small and human-powered boats is intended to minimize administrative costs.

**Category/Year Enacted:** Individuals. 1983

**Primary Beneficiaries:** Owners of small boats.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000)\*:**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$2,570	\$2,663	\$2,764	\$2,869
Local taxes	\$0	\$0	\$0	\$0

\*Estimates reflect only boats under 16 feet in length and human-powered boats.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes; however administration costs could be high to locate and register small, privately-owned watercraft.

# CUSTOMER-GENERATED POWER (PUT)

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Current statute: RCW 82.16.130

## Department of Revenue 2012 Tax Exemption Report (p. 138):

**Description:** A credit against public utility tax liability is provided for light and power businesses for amounts paid to customers as investment cost recovery incentives. These incentives are allowed pursuant to RCW 82.16.120 for investment in renewable energy systems. The credit may not exceed one-half of one percent of the firm's taxable power sales or \$100,000 whichever is greater. Incentive payments to participants in a company-owned solar project may only account for up to 5 percent of the total credit. The tax credit will expire on June 30, 2020.

**Purpose:** To encourage investment in renewable energy resources.

**Category/Year Enacted:** Business incentive. 2005

**Primary Beneficiaries:** Light and power companies that make payments to customers via this program.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1,049	\$1,364	\$1,773	\$2,305
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# PRESCRIPTION DRUG ADMINISTRATION (B&O)

---

Current statute: RCW 82.04.620

## Department of Revenue 2012 Tax Exemption Report (p. 96):

**Description:** This B&O deduction allows physicians or clinics to deduct amounts received for the infusion or injection of drugs for human use pursuant to a prescription. The deduction may not exceed the current federal reimbursement rate under Medicare. The injection must be covered or required under a health care program which is subsidized by the federal or state government.

**Purpose:** To improve patient care by encouraging physicians to administer drugs in their own facilities, rather than referring their patients to a hospital where the wait time and cost of care may be greater.

**Category/Year Enacted:** Other business. 2007

**Primary Beneficiaries:** Doctors, clinics and their patients.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1,800	\$1,800	\$1,500	\$1,500
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT BLOOD, BONE, AND TISSUE BANKS (B&O)

---

Current statute: RCW 82.04.324

## Department of Revenue 2012 Tax Exemption Report (p. 67):

**Description:** B&O tax exemption is provided for nonprofit blood, bone or tissue banks for income that is exempted from federal income tax.

**Purpose:** To support the activities of these entities.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1995

**Primary Beneficiaries:** Approximately four entities are eligible for the exemption.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1,290	\$1,290	\$1,107	\$1,107
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# RURAL COUNTY AND CEZ NEW JOBS (B&O)

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Current statutes: RCW 82.62.030; 82.62.045

## Department of Revenue 2012 Tax Exemption Report (p. 122):

**Description:** Credit against B&O tax liability is provided for manufacturing, R&D or computer service firms that create new jobs in rural counties or community empowerment zones. The definition of rural county for this tax incentive are those with an average population density of fewer than 100 persons per square mile or those that are smaller than 225 square miles (Island County). The amount of the tax credit is \$2,000 for each new job created, unless the new position is paid wages and benefits of more than \$40,000 annually in which case the credit is \$4,000. To qualify the firm must increase its total jobs in an eligible area by at least 15 percent. The total amount of credit is capped at \$7.5 million.

**Purpose:** To encourage firms to expand in rural areas.

**Category/Year Enacted:** Business incentive. 1986, minor revisions in eligibility in 2007.

**Primary Beneficiaries:** Approximately 20 applicants per year.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$1,016	\$1,016	\$1,016	\$1,016
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# KIDNEY DIALYSIS EQUIPMENT (SALES AND USE)

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Current statutes: RCW 82.08.945; 82.12.945

## Department of Revenue 2012 Tax Exemption Report (p. 209):

**Description:** This statute specifically exempts kidney dialysis devices for human use from retail sales/use tax. The exemption includes repair and replacement parts for such equipment. (Note: dialysis systems were previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

**Purpose:** To lessen the cost of dialysis equipment.

**Category/Year Enacted:** Other business. 2003; previously this equipment was exempt under RCW 82.08.0283.

**Primary Beneficiaries:** Hospitals and clinics that purchase such equipment and ultimately the patients who use them.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$499	\$529	\$561	\$594
Local taxes	\$186	\$197	\$208	\$221

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# DIETARY SUPPLEMENTS (SALES AND USE)

---

Current statutes: RCW 82.08.925; 82.12.925

## Department of Revenue 2012 Tax Exemption Report (p. 208):

**Description:** Dietary supplements for human use, dispensed or to be dispensed to patients pursuant to a prescription, are exempt from retail sales/use tax. (Note: dietary supplements were previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

**Purpose:** To lessen the cost of prescribed dietary supplements.

**Category/Year Enacted:** Individuals. 2003; previously these were exempt under RCW 82.08.0281.

**Primary Beneficiaries:** Persons who take dietary supplements.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$468	\$508	\$552	\$599
Local taxes	\$174	\$189	\$205	\$223

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT DIALYSIS FACILITIES (PROPERTY)

---

Current statute: RCW 84.36.040(1)(f)

## Department of Revenue 2008 Tax Exemption Report (p. 18):

**Description:** Real and personal property used by nonprofit organizations as outpatient dialysis treatment facilities is exempt from property tax.

**Purpose:** In the past, organizations that performed dialysis treatment at facilities they owned were exempt as hospitals. However, the delivery of dialysis treatment has changed and such services may now be provided at leased outpatient facilities that are separate from a hospital. This exemption assures that all property and equipment used for dialysis treatment is exempt.

**Category/Year Enacted:** Nonprofit - health or social welfare. 1987

**Primary Beneficiaries:** Approximately six organizations providing outpatient dialysis services comprising 34 parcels.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$118	\$127	\$133	\$138
Local levies	\$472	\$512	\$548	\$575

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# NEBULIZERS (SALES AND USE)

---

Current statutes: RCW 82.08.803; 82.12.803

## Department of Revenue 2012 Tax Exemption Report (p. 206):

**Description:** Exemption from retail sales/use tax in the form of a refund is allowed for nebulizers which are prescribed for human use by a physician. Sellers must collect the sales tax, and then the buyer must apply to the Department for a refund. A nebulizer is a device that converts a liquid medication into a mist so that it can be inhaled by the patient. Included in the exemption are repair and replacement parts for nebulizers, as well as labor and service charges for cleaning, repairing, etc. Note: nebulizers were previously exempt from sales/use tax; however, the word of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.

**Purpose:** To lessen the cost of nebulizers.

**Category/Year Enacted:** Individuals. 2004; previously exempt as drug delivery systems.

**Primary Beneficiaries:** Persons who use prescribed nebulizers.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$345	\$377	\$412	\$450
Local taxes	\$128	\$140	\$153	\$167

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# DRUG DELIVERY SYSTEMS (SALES AND USE)

---

Current statutes: RCW 82.08.935; 82.12.935

## Department of Revenue 2012 Tax Exemption Report (p. 208):

**Description:** Disposable devices used to deliver drugs for human use are exempt from retail sales/use tax. This includes items such as syringes, tubing and catheters. (Note: these devices were previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

**Purpose:** To lessen the cost of drug delivery systems.

**Category/Year Enacted:** Individuals. 2003; previously these were exempt under RCW 82.08.0281.

**Primary Beneficiaries:** Hospitals, physicians, and patients.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$422	\$422	\$422	\$422
Local taxes	\$156	\$156	\$156	\$156

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# ALTERNATIVE FUEL VEHICLES (SALES AND USE)

---

Current statutes: RCW 82.08.809; 82.12.809

## Department of Revenue 2012 Tax Exemption Report (p. 211):

**Description:** Retail sales & use tax does not apply to sales of new passenger cars and light duty trucks which are powered exclusively by a clean-burning, alternative fuel such as natural gas, propane, hydrogen or electricity. In 2010 the exemption was expanded to include qualifying used passenger cars, light duty trucks and medium duty passenger vehicles which were modified after the initial purchase to be exclusively powered by a clean alternative fuel. This exemption is scheduled to expire on July 1, 2015.

**Purpose:** To encourage the sale of alternative fuel vehicles.

**Category/Year Enacted:** Other. 2005, modified in 2010

**Primary Beneficiaries:** Firms that sell, and customer that purchase, alternative fuel vehicles.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$238	\$243	\$249	\$255
Local taxes	\$83	\$85	\$87	\$89

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# BONNEVILLE POWER ADMIN PROGRAM (B&O)

---

Current statute: RCW 82.04.310(4)

## Department of Revenue 2012 Tax Exemption Report (p. 47):

**Description:** B&O tax exemption is provided for amounts received in the form of credits against power contracts with the Bonneville Power Administration (BPA) or funds provided by the BPA for the purpose of implementing energy conservation programs. The credit expires for funds received after June 30, 2015.

**Purpose:** To encourage energy conservation.

**Category/Year Enacted:** Business incentive. 2010

**Primary Beneficiaries:** Washington electric utility companies.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$340	\$357	\$313	\$328
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# WAX, CERAMIC MATERIALS TO CREATE MOLDS (SALES AND USE)

---

Current statutes: RCW 82.08.983; 82.12.983

## Department of Revenue 2012 Tax Exemption Report (p. 183):

**Description:** Exemption from retail sales/use tax is provided for sales of wax or ceramic materials used to create molds which are consumed during the process of creating ferrous and nonferrous investment castings used in industrial applications. Labor and services used to create patterns and shells used as molds also qualify for the exemption. The exemption is scheduled to expire on June 30, 2015.

**Purpose:** To encourage the production of castings in Washington.

**Category/Year Enacted:** Business incentive. 2010

**Primary Beneficiaries:** There are approximately 21 firms that might benefit.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$199	\$209	\$220	\$230
Local taxes	\$71	\$75	\$79	\$83

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# OSTOMIC ITEMS (SALES AND USE)

---

Current statutes: RCW 82.08.804; 82.12.804

## Department of Revenue 2012 Tax Exemption Report (p. 207):

**Description:** Exemption from retail sales/use tax is provided for ostomic items used by colostomy, ileostomy or urostomy patients. Such items refer to disposable medical supplies such as bags, belts, tape, tubes, soap, jellies, germicides, etc. The exemption does not extend to undergarments, pads or shields, sponges or rubber sheets. (Note: ostomic items were previously exempt from sales/use tax. However, the wording of this exemption was necessary to conform to the Streamline Sales and Use Tax Agreement.)

**Purpose:** To lessen the cost of ostomic items.

**Category/Year Enacted:** Individuals. 2004; previous these were exempt under RCW 82.08.804.

**Primary Beneficiaries:** Colostomy, ileostomy or urostomy patients.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$215	\$215	\$215	\$215
Local taxes	\$80	\$80	\$80	\$80

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# TUNA, MACKEREL AND JACK FISH (FISH)

---

Current statute: RCW 82.27.010

## Department of Revenue 2012 Tax Exemption Report (p. 155):

**Description:** Exemption from the enhanced food fish tax is allowed for tuna, mackerel and jack fish.

**Purpose:** To reflect economic conditions facing fishers of tuna, mackerel and jack fish and possibly the fact that albacore tuna have a vast migratory range and are largely caught in international waters.

**Category/Year Enacted:** Other business. 1995

**Primary Beneficiaries:** Fishers of tuna, mackerel and jack fish.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$289	\$289	\$289	\$289
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONPROFIT FUNDRAISING (PROPERTY)

---

Current statute: RCW 84.36.550

## Department of Revenue 2008 Tax Exemption Report (p. 27):

**Description:** Real and personal property owned by nonprofit organizations and used for solicitation or collection of gifts, donations or grants is exempt from property tax. To qualify, the organization must: (1) be organized for nonsectarian purposes; (2) be affiliated with a state or national organization which authorizes, approves or sanctions volunteer charitable fund-raising contributions; (3) be exempt from federal income tax; and (4) be governed by a volunteer board of directors. Also, the funds generated must be used for character-building, benevolent, protective or rehabilitative social services or for distribution to at least five other similar nonprofit organizations.

**Purpose:** To support the fund-raising activities of such nonprofit organizations.

**Category/Year Enacted:** Nonprofit - other. 1993

**Primary Beneficiaries:** Approximately 12 organizations.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$42	\$45	\$47	\$49
Local levies	\$167	\$181	\$194	\$203

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

# HUMAN BODY PARTS (SALES AND USE)

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Current statutes: RCW 82.08.02806; 82.12.02748

## Department of Revenue 2012 Tax Exemption Report (p. 204):

**Description:** Sales of human blood, tissue, organs, bodies or body parts are exempt from retail sales/use tax, when they are used for medical research or quality control testing.

**Purpose:** To support medical research in Washington.

**Category/Year Enacted:** Other. 1996

**Primary Beneficiaries:** Medical research organizations.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$122	\$134	\$148	\$162
Local taxes	\$45	\$50	\$55	\$60

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# NONFUEL USE OF PETROLEUM (OIL SPILL)

---

Current statute: RCW 82.23B.045

## Department of Revenue 2012 Tax Exemption Report (p. 154):

**Description:** A credit against the oil spill tax is allowed for any oil spill tax previously paid on crude oil or petroleum products which are not ultimately used as fuel or are used in a manufacturing process.

**Purpose:** To ensure that the tax applies only to crude oil or petroleum that is ultimately used as fuel.

**Category/Year Enacted:** Tax base. 1991

**Primary Beneficiaries:** Manufacturers and consumers of crude oil and petroleum products.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$195	\$194	\$194	\$193
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# CORE DEPOSITS, TIRE FEES (SALES AND USE)

---

Current statutes: RCW 82.08.036; 82.12.038

## Department of Revenue 2008 Tax Exemption Report (p. 258):

**Description:** The value of returnable products accepted by vendors for recycling or remanufacturing is exempt from retail sales/use tax. Also, the statute excludes from the measure of sales/use tax the amount of the \$1.00 tire assessment imposed under RCW 70.95.510. (The tire tax was re-imposed for a five year period, starting July 1, 2005.)

**Purpose:** The exemption for core charges (items returned for recycling/remanufacturing) is unnecessary since these items are considered to be trade-ins which are already exempt. The exemption for the tire fee affirms that the sales tax was not intended to apply to receipts that represent payment of another tax.

**Category/Year Enacted:** Tax base. 1989

**Primary Beneficiaries:** Purchasers of rebuilt auto parts and tire dealers.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$252	\$262	\$270	\$0
Local taxes	\$79	\$82	\$84	\$0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# FOREST DERIVED BIOMASS (B&O)

---

Current statute: RCW 82.04.4494

## Department of Revenue 2012 Tax Exemption Report (p. 122):

**Description:** B&O tax credit is allowed for each harvested green ton of forest-derived biomass that is sold, transferred or used for the production of electricity, steam, heat, or bio-fuel. The amount of the credit is phased in as follows: (1) harvests during FY 2011, FY 2012, and FY 2013 - \$3.00 per ton; and (2) harvests during FY 2014 and FY 2015 - \$5.00 per ton. Any unused excess credit may be carried forward to a future reporting period for a maximum of two years.

**Purpose:** To support the production of alternative fuels.

**Category/Year Enacted:** Business incentive. 2009

**Primary Beneficiaries:** The forest products industry.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$131	\$131	\$131	\$131
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# PROFESSIONAL BASEBALL STADIUM (LEASEHOLD)

---

Current statute: RCW 82.29A.130(14)

## Department of Revenue 2012 Tax Exemption Report (p. 24):

**Description:** Leasehold tax exemption is allowed for all interests in the public or entertainment areas of a professional baseball stadium located in Seattle. The facility must have natural turf, a retractable roof, seating capacity of at least 40,000, be located in King County, and have been completed after January 1, 1995, to be eligible for the exemption. The exemption does not extend to nonpublic areas of the stadium such as locker rooms and private offices used exclusively by the lessee.

**Purpose:** To encourage construction and operation of Safeco Field.

**Category/Year Enacted:** Business incentive. 1995

**Primary Beneficiaries:** The Seattle Mariners.

**Possible Program Inconsistency:** Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and th

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$55	\$56	\$57	\$58
Local taxes	\$48	\$49	\$50	\$51

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# ALTERNATIVE FUEL SALES (B&O)

---

Current statute: RCW 82.04.4334

## Department of Revenue 2012 Tax Exemption Report (p. 93):

**Description:** Deduction from B&O tax is provided for income from the sale or distribution of biodiesel or E85 motor fuel. Biodiesel fuel is derived from vegetable oils or animal fats. E85 fuel is a blend of ethanol and hydrocarbon in which the ethanol portion is comprised of from 75 to 85 percent denatured fuel ethanol. This deduction is scheduled to expire on July 1, 2015.

**Purpose:** To encourage the production and sale of alternative fuels.

**Category/Year Enacted:** Business incentive. 2003, amended in 2006.

**Primary Beneficiaries:** Dealers of alternative fuels.

**Possible Program Inconsistency:** None evident.

### Taxpayer Savings (\$000):

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$88	\$91	\$94	\$97
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# BIODIESEL FUEL SALE FACILITIES AND EQUIPMENT (SALES AND USE)

---

Current statutes: RCW 82.08.955; 82.12.955

## Department of Revenue 2012 Tax Exemption Report (p. 213):

**Description:** Exemption from retail sales/use tax is allowed for machinery and equipment which is used directly to facilitate the retail sale of biodiesel blend or E85 motor fuel. Biodiesel is derived from vegetable oils or animal fats. E85 is a blend of ethanol and hydrocarbon in which the ethanol portion is comprised of from 75 to 85 percent denatured fuel ethanol. The exemption also includes fuel delivery vehicles, as well as labor or services for repairing such vehicles and repair and replacement parts. This exemption is scheduled to expire on July 1, 2015.

**Purpose:** To encourage fuel dealers to sell biodiesel and alcohol fuels.

**Category/Year Enacted:** Business incentive. 2003

**Primary Beneficiaries:** Dealers and distributors of alternative fuels.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$10	\$10	\$10	\$10
Local taxes	\$4	\$4	\$4	\$4

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# FISH CLEANING (B&O)

---

Current statute: RCW 82.04.2403

## Department of Revenue 2012 Tax Exemption Report (p. 45):

**Description:** B&O tax exemption is provided for the cleaning of fresh-water fish. Cleaning is defined as the removal of the head, fins, or viscera from the fish without further processing.

**Purpose:** To support the fresh-water fishing industry.

**Category/Year Enacted:** Business incentive. 1994

**Primary Beneficiaries:** A very small number of firms benefit from this exemption.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$13	\$13	\$13	\$13
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# TRADE SHOWS (B&O)

---

Current statute: RCW 82.04.4282(6)

## Department of Revenue 2012 Tax Exemption Report (p. 83):

**Description:** Deduction from B&O tax is allowed for nonprofit trade or professional organizations for charges made in conjunction with trade shows, conventions and educational seminars, as long as the event is not open to the general public. The deduction covers admission fees and charges for occupying space.

**Purpose:** To encourage trade shows, conventions and educational seminars to take place in this state.

**Category/Year Enacted:** Nonprofit - other. 1989

**Primary Beneficiaries:** Nonprofit organizations that sponsor trade shows.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	FY 2012	FY 2013	FY 2014	FY 2015
State tax	\$11	\$12	\$11	\$11
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# ALCOHOL/BIODIESEL FUEL PRODUCTION FACILITIES (PROPERTY)

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Current statute: RCW 84.36.635

## Department of Revenue 2008 Tax Exemption Report (p. 36):

**Description:** Real and personal property used primarily to manufacture alcohol fuel, biodiesel fuel, or biodiesel feedstock is exempt from property tax. Land used to grow crops which are used for such fuel is not subject to the exemption. The exemption is provided for the first six years following the date the manufacturing facility becomes operational. No new applications for this exemption may be submitted to county assessors after December 31, 2009.

**Purpose:** To encourage the manufacturing of alternatives to petroleum-based fuels.

**Category/Year Enacted:** Business incentive. 2003

**Primary Beneficiaries:** There are currently no facilities that qualify for this exemption.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None.

# ALTERNATIVE FUEL PRODUCTION FACILITIES (LEASEHOLD)

---

Current statute: RCW 82.29A.135

## Department of Revenue 2012 Tax Exemption Report (p. 27):

**Description:** Leasehold interests in real and personal property used primarily for manufacturing alcohol fuel, biodiesel fuel, biodiesel feedstock, wood biomass fuel and the operation of an anaerobic digester are exempt from leasehold tax. Firms may apply for the exemption if they are operational before the end of 2015; applications for anaerobic digesters must be filed by the end of 2012. The exemption is available for six years after the facility is operational.

**Purpose:** To encourage the production of alcohol for use in gasohol fuel and reduce the reliance on petroleum-based fuel.

**Category/Year Enacted:** Business incentive. 1980; amended in 2003 and 2008.

**Primary Beneficiaries:** There are currently no facilities that qualify for this exemption.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None currently.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# FOREST LAND, SPECIAL ASSESSMENTS (PROPERTY)

---

Current statute: RCW 84.33.210(1)

## Department of Revenue 2012 Tax Exemption Report (p. 13):

**Description:** Land designated as forest land is exempt from special benefit assessments. This exemption applies to assessments by local improvement districts that may include forest land, as well as special benefit assessments for projects such as sewer systems, domestic water supply and road improvements. Neither local jurisdictions nor improvement districts are obligated to provide these services to the exempt forest land. However, the owner may waive the exemption, pay the assessment, and receive the services.

**Purpose:** To relieve forest land owners of the costs related to development of adjacent land.

**Category/Year Enacted:** Other. 1992

**Primary Beneficiaries:** No beneficiaries identified.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** \$0.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# INMATE EMPLOYMENT PROGRAMS (LEASEHOLD)

---

Current statute: RCW 82.29A.130(12)

## Department of Revenue 2008 Tax Exemption Report (p. 59):

**Description:** This statute provides leasehold tax exemption for firms that use space in State adult correctional facilities in conjunction with comprehensive inmate work programs.

**Purpose:** To promote such programs.

**Category/Year Enacted:** Government. 1992

**Primary Beneficiaries:** None currently.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None. This program was found to be unconstitutional by the Washington State Supreme Court in 2004.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

# NONPROFIT CREDIT, DEBT COUNSELING (B&O)

---

Current statute: RCW 82.04.368

## Department of Revenue 2012 Tax Exemption Report (p. 72):

**Description:** Nonprofit organizations that provide counseling services for consumers relating to credit and debt issues are exempt from B&O tax on income received for such services.

**Purpose:** To reduce the cost of providing such services.

**Category/Year Enacted:** Nonprofit - other. 1993

**Primary Beneficiaries:** A very small number of organizations potentially qualify for the exemption.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Minimal. Although there are more than two dozen firms that provide credit/debt counseling services, the majority are not nonprofits. Further, the nonprofits do not generally charge the clients for the counseling service.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# SECONDARY TRANSPORTATION (OIL SPILL)

---

Current statute: RCW 82.23B.030

## **Department of Revenue 2012 Tax Exemption Report (p. 154):**

**Description:** Exemption from the oil spill tax is provided for transportation or off-loading of the same products after the initial off-loading in Washington.

**Purpose:** The tax is intended to apply only to the initial off-loading of crude oil or petroleum products in Washington.

**Category/Year Enacted:** Tax base. 1991

**Primary Beneficiaries:** Washington refiners and manufacturers.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Minimal. In order for this exemption to be applicable, the oil would have to be off-loaded in Washington from a vessel, reloaded onto another vessel and then off-loaded a second time in the state.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# WOOD BIOMASS FUEL PRODUCTION FACILITIES (PROPERTY)

---

Current statute: RCW 82.08.960; 84.36.640; 82.12.960; 82.04.4335

## Department of Revenue 2008 Tax Exemption Report (p. 36):

**Description:** Real and personal property used primarily to manufacture wood biomass fuel is exempt from property tax. Land used to grow crops which are used for such fuel is not subject to the exemption. The exemption is provided for the first six years following the date the manufacturing facility becomes operational. No new applications for this exemption may be submitted to county assessors after December 31, 2009.

**Purpose:** To encourage the manufacturing of alternatives to petroleum-based fuels.

**Category/Year Enacted:** Business incentive. 2003

**Primary Beneficiaries:** There are currently no facilities that qualify for this exemption and no known proposals to construct such a facility.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** None.

# HORSE RACE TRACK DEFERRAL (SALES AND USE)

---

Current statute: RCW 82.66.040

## Department of Revenue 2008 Tax Exemption Report (p. 270):

**Description:** Deferral of retail sales/use tax was allowed for construction of a thoroughbred horse racing facility in Western Washington, if construction commenced by July 1, 1998. The facility was completed in 1996. Repayment of the deferred tax starts 10 years after completion of the project and is repaid over ten years. The first repayment of deferred tax was made on December 31, 2006.

**Purpose:** To encourage construction of the Emerald Downs track.

**Category/Year Enacted:** Business incentive. 1995; repayment period extended to 10 years in 1998.

**Primary Beneficiaries:** The Emerald Downs track, and the entire horse racing industry in Washington.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000)\*:**

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	(\$411)	(\$411)	(\$411)	(\$411)
Local taxes	(\$107)	(\$107)	(\$107)	(\$107)

No new deferrals allowed; the amounts shown reflect repayments of deferred tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No, previously deferred tax is scheduled for repayment over 10 years beginning at the end of 2006.

# BASEBALL STADIUM DEFERRAL (SALES AND USE)

---

Current statute: RCW 36.100.090

## Department of Revenue 2008 Tax Exemption Report (p. 265):

**Description:** State/local retail sales/use tax was deferred on construction of a public baseball stadium. The stadium must be owned and operated by a public facilities district, and the facility must have a retractable roof and natural turf. Deferred sales tax on construction is repayable over a ten year period, starting on the fifth year after completion. Safeco Field was completed in January, 2000 and the repayments of deferred sales/use tax began in FY 2006.

**Purpose:** To encourage construction of a stadium for professional baseball in King County.

**Category/Year Enacted:** Business incentive. 1995

**Primary Beneficiaries:** The public facilities district that operates Safeco Field and the professional baseball team that plays its home games in the stadium.

**Possible Program Inconsistency:** None evident.

### **Taxpayer Savings (\$000):**

	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
State tax	(\$2,473)	(\$2,473)	(\$2,473)	(\$2,473)
Local taxes	(\$799)	(\$799)	(\$799)	(\$799)

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; the deferred taxes are already being repaid.

# COMPREHENSIVE CANCER CENTERS (B&O)

---

Current statute: RCW 82.04.4265

## Department of Revenue 2012 Tax Exemption Report (p. 75):

**Description:** Receipts by comprehensive cancer centers are exempt from B&O tax to the extent the amounts are exempt from federal income tax.

**Purpose:** To encourage cancer research.

**Category/Year Enacted:** Nonprofit - health or social welfare. 2005

**Primary Beneficiaries:** One entity.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# COMPREHENSIVE CANCER CENTERS (SALES AND USE)

---

Current statutes: RCW 82.08.808; 82.12.808

## Department of Revenue 2012 Tax Exemption Report (p. 207):

**Description:** Exemption from retail sales/use tax is provided for the sale of medical supplies, chemicals, or materials to a comprehensive cancer center. The exemption does not extend to construction, office equipment, administrative supplies or vehicles.

**Purpose:** To encourage cancer research.

**Category/Year Enacted:** Nonprofit – health or social welfare. 2005

**Primary Beneficiaries:** One entity.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# FREE PUBLIC HOSPITALS (SALES AND USE)

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Current statutes: RCW 82.08.02795; 82.12.02745

## Department of Revenue 2012 Tax Exemption Report (p. 203):

**Description:** Retail sales/use tax does not apply to the purchase or use of tangible personal property by free hospitals when used in the operation of the hospital or the provision of health care services. The exemption requires that the hospital not charge its patients for health care services received.

**Purpose:** To reduce the cost of health services provided by hospitals that do not charge their patients.

**Category/Year Enacted:** Other. 1993

**Primary Beneficiaries:** One such hospital operates in Washington.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Because there is only one taxpayer affected by this exemption, the impact cannot be disclosed publicly.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# **FORECLOSURE RELOCATION ASSISTANCE (REET)**

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Current : RCW 82.45.030(3)

# HANFORD LEASE FEES (LEASEHOLD)

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Current statute: RCW 82.29A.020(2)

## Department of Revenue 2012 Tax Exemption Report (p. 19):

**Description:** For purposes of determining leasehold tax on lands on the Hanford reservation which are subleased to a private or public entity by the Department of Ecology, the term "taxable rent" includes only the annual cash rental payment and does not include fees, assessments or other charges.

**Purpose:** To reduce the cost of such leases.

**Category/Year Enacted:** Other business. 1991

**Primary Beneficiaries:** One firm meets the special criteria for this exclusion.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Due to confidentiality requirements, the impact of this exemption cannot be publicly stated, because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# LIFE SCIENCES DISCOVERY FUND (B&O)

---

Current statute: RCW 82.04.4263

## Department of Revenue 2012 Tax Exemption Report (p. 39):

**Description:** Income received by the Life Sciences Discovery Fund is exempt from B&O tax.

**Purpose:** To stimulate research and development in the life sciences.

**Category/Year Enacted:** Government. 2005

**Primary Beneficiaries:** The Life Sciences Discovery Fund.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Although the only affected entity is a quasi-governmental agency, the impact of this exemption cannot be publicly stated since there is only one entity affected by the statute.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Possibly.

# ORGAN PROCUREMENT (B&O)

---

Current statute: RCW 82.04.326

## Department of Revenue 2012 Tax Exemption Report (p. 67):

**Description:** B&O tax exemption is allowed for nonprofit organ procurement organizations on income which is exempt from federal income tax.

**Purpose:** To extend the same tax treatment available to blood, bone and tissue banks.

**Category/Year Enacted:** Nonprofit - health or social welfare. 2002

**Primary Beneficiaries:** Nonprofit organizations that locate and obtain human organs for transplant operations.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# ORGAN PROCUREMENT (SALES AND USE)

---

Current statutes: RCW 82.08.02807; 82.12.02749

## **Department of Revenue 2012 Tax Exemption Report (p. 205):**

**Description:** Exemption from retail sales/use tax is allowed for medical supplies, chemicals or materials purchased by organ procurement organizations, as defined in federal law 42 U.S.C. Sec. 273(b).

**Purpose:** To support the activities of these organizations by allowing the same treatment provided for blood, bone and tissue banks.

**Category/Year Enacted:** Nonprofit - health or social welfare. 2002

**Primary Beneficiaries:** It is believed that two entities qualify for the exemption.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# TESTING AND SAFETY LABS (B&O)

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Current statute: RCW 82.04.434

## Department of Revenue 2012 Tax Exemption Report (p. 114):

**Description:** The value of services and information provided to the state of Washington free of charge by a laboratory which tests products for public safety purposes may be credited against B&O tax liability. The laboratory must not be affiliated with any industry group and must be exempt from federal tax.

**Purpose:** To encourage a testing/safety laboratory of this type to locate in Washington and ensure that these services are available for the safety of Washington residents.

**Category/Year Enacted:** Business incentive. 1991

**Primary Beneficiaries:** One firm.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** Due to confidentiality requirements, the impact of this tax credit cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

# VACCINE ASSOCIATION (B&O)

---

Current statute: RCW 82.04.640

## Department of Revenue 2012 Tax Exemption Report (p. 77):

**Description:** The Washington Vaccine Association collects funds from health care insurers and thirdparty administrators for the cost of vaccines provided to children. Funds received by the Association are exempt from B&O tax.

**Purpose:** To improve the health of children.

**Category/Year Enacted:** Other business. 2010

**Primary Beneficiaries:** The Washington Vaccine Association.

**Possible Program Inconsistency:** None evident.

**Taxpayer Savings (\$000):** There is only one affected organization and thus the impact cannot be disclosed publicly.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

## CURRENT AND PROPOSED TAX PREFERENCE REVIEW SCHEDULE FOR 2013

\* Indicates confidential data or other exception

#	RCWs	Brief Description	Year Enacted	Expiration Date	Biennial State & Local Impact	Review Group
1	82.04.322	Health Maintenance Organizations (B&O)	1993		\$336,000,000	Health
2	82.04.4311	Public and Nonprofit Hospitals, Medicare Income (B&O)	2002		\$224,000,000	Health
3	82.08.0289	Local Residential & Coin-Op Telephone Service (Sales and Use)	1983		\$119,116,000	
4	48.14.0201(6)(a)-(b)	Medicare, GAU, and BHP Receipts (Insurance Premium)	1993		\$94,084,000	Health
5	82.04.050(1)(a)	Competitive Telephone Service (Sales and Use)	1981		\$65,596,000	
6	82.04.250(1)	Retailing (B&O)	1983		\$52,191,000	
7	82.04.419	Local Government Business Income (B&O)	1983		\$40,080,000	
8	82.08.033; 82.12.033	Used Mobile Homes (Sales and Use)	1979		\$39,270,000	
9	84.36.041	Nonprofit Homes for Aging (Property)	1989		\$24,843,000	
10	48.14.0201(6)(c)	Dentistry (Insurance Premium)	1993		\$24,524,000	Health
11	82.08.0298; 82.12.0298	Fishing Boat Fuel (Sales and Use)	1987		\$15,966,000	
12	82.08.0291; 82.12.02917	Nonprofit Youth and Local Govt Recreation Services (Sales and Use)	1981		\$15,132,000	
13	82.08.0283; 82.12.0277	Medical Devices (Sales and Use)	1975		\$10,744,000	Health
14	82.04.050(3)(e)	Tree Trimming Under Power Lines (Sales and Use)	1995		\$10,326,000	
15	84.36.045	Nonprofit Medical Research, Training Facilities (Property)	1975		\$9,905,000	Health
16	82.04.4322; 82.04.4324; 82.04.4326; 82.04.4327	Artistic and Cultural Organizations (B&O)	1981		\$7,974,000	
17	84.36.046	Nonprofit Cancer Treatment Clinics (Property)	1997		\$7,776,000	Health
18	84.36.060(1)(b)	Performing Arts (Property)	1981		\$7,398,000	
19	82.08.02805; 82.12.02747	Nonprofit Blood, Bone, and Tissue Banks (Sales and Use)	1995		\$7,153,000	Health
20	82.08.985; 82.12.985	Insulin (Sales and Use)	2004		\$6,082,000	Health
21	82.08.031; 82.12.031	Arts & Cultural Organizations (Sales and Use)	1981		\$5,994,000	
22	82.04.433	Fuel Used in Commercial Vessels (B&O)	1985		\$5,953,000	
23	82.12.010(1)	Use Tax On Rental Value (Sales and Use)	1985		\$5,885,000	
24	84.36.043	Nonprofit Emergency or Transitional Housing (Property)	1983		\$5,704,000	
25	82.49.020(3)	Boats Under 16 ft (Watercraft)	1983		\$5,633,000	
26	82.16.130	Customer-Generated Power (PUT)	2005	6/30/2015	\$4,078,000	
27	82.04.620	Prescription Drug Administration (B&O)	2007		\$3,000,000	Health
28	82.04.324	Nonprofit Blood, Bone, and Tissue Banks (B&O)	1995		\$2,214,000	Health
29	82.62.030; 82.62.045	Rural County and CEZ New Jobs (B&O)	1986		\$2,032,000	
30	82.08.945; 82.12.945	Kidney Dialysis Equipment (Sales and Use)	2003		\$1,584,000	Health
31	82.08.925; 82.12.925	Dietary Supplements (Sales and Use)	2003		\$1,579,000	Health
32	84.36.040(1)(f)	Nonprofit Dialysis Facilities (Property)	1987		\$1,394,000	Health
33	82.08.803; 82.12.803	Nebulizers (Sales and Use)	2004		\$1,182,000	Health
34	82.08.935; 82.12.935	Drug Delivery Systems (Sales and Use)	2003		\$1,156,000	Health
35	82.08.809; 82.12.809	Alternative Fuel Vehicles (Sales and Use)	2005	7/1/2015	\$680,000	
36	82.04.310(4)	Bonneville Power Admin Program (B&O)	2010	6/30/2015	\$641,000	
37	82.08.983; 82.12.983	Wax, Ceramic Materials To Create Molds (Sales and Use)	2010	6/30/2015	\$612,000	

CURRENT AND PROPOSED TAX PREFERENCE REVIEW SCHEDULE FOR 2013

\* Indicates confidential data or other exception

#	RCWs	Brief Description	Year Enacted	Expiration Date	Biennial State & Local Impact	Review Group
38	82.08.804; 82.12.804	Ostomic Items (Sales and Use)	2004		\$590,000	Health
39	82.27.010	Tuna, Mackerel and Jack Fish (Fish)	1995		\$578,000	
40	84.36.550	Nonprofit Fundraising (Property)	1993		\$493,000	
41	82.08.02806; 82.12.02748	Human Body Parts (Sales and Use)	1996		\$425,000	Health
42	82.23B.045	Nonfuel Use of Petroleum (Oil Spill)	1991		\$387,000	
43	82.08.036; 82.12.038	Core Deposits, Tire Fees (Sales and Use)	1989		\$354,000	
44	82.04.4494	Forest Derived Biomass (B&O)	2009	6/30/2015	\$262,000	
45	82.29A.130(14)	Professional Baseball Stadium (Leasehold)	1995		\$216,000	
46	82.04.4334	Alternative Fuel Sales (B&O)	2003	7/1/2015	\$191,000	
47	82.08.955; 82.12.955	Biodiesel Fuel Sale Facilities and Equipment (Sales and Use)	2003	7/1/2015	\$28,000	
48	82.04.2403	Fish Cleaning (B&O)	1994		\$26,000	
49	82.04.4282(6)	Trade Shows (B&O)	1989		\$22,000	
50	84.36.635	Alcohol/Biodiesel Fuel Production Facilities (Property)	2003	12/31/2015	\$0	
51	82.29A.135	Alternative Fuel Production Facilities (Leasehold)	1980	12/31/2015	\$0	
52	84.33.210(1)	Forest Land, Special Assessments (Property)	1992		\$0	
53	82.29A.130(12)	Inmate Employment Programs (Leasehold)	1992		\$0	
54	82.04.368	Nonprofit Credit, Debt Counseling (B&O)	1993		\$0	
55	82.23B.030	Secondary Transportation (Oil Spill)	1991		\$0	
56	82.08.960; 84.36.640; 82.12.960; 82.04.4335	Wood Biomass Fuel Production Facilities (Property)	2003	12/31/2015	\$0	
57	82.66.040	Horse Race Track Deferral (Sales and Use)	1995		(\$1,036,000)	
58	36.100.090	Baseball Stadium Deferral (Sales and Use)	1995		(\$6,544,000)	
59	82.04.4265	Comprehensive Cancer Centers (B&O)	2005		*	Health
60	82.08.808; 82.12.808	Comprehensive Cancer Centers (Sales and Use)	2005		*	Health
61	82.08.02795; 82.12.02745	Free Public Hospitals (Sales and Use)	1993		*	
62	82.45.030(3)	Foreclosure Relocation Assistance (REET)	2011		*	
63	82.29A.020(2)	Hanford Lease Fees (Leasehold)	1991		*	
64	82.04.4263	Life Sciences Discovery Fund (B&O)	2005		*	Health
65	82.04.326	Organ Procurement (B&O)	2002		*	Health
66	82.08.02807; 82.12.02749	Organ Procurement (Sales and Use)	2002		*	Health
67	82.04.434	Testing And Safety Labs (B&O)	1991		*	
68	82.04.640	Vaccine Association (B&O)	2010		*	Health

# 10 Year Tax Preference Review Schedule - May 2012

## Sorted by Biennial Taxpayer Savings

\*Indicates confidential data or other exception

Citizen Commission for Performance  
Measurement of Tax Preferences  
Joint Legislative Audit Review Committee

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2013</b>	<b>(68 Total Preferences)</b>			
<b>Health</b>				
1	Health Maintenance Organizations (B&O)	82.04.322	1993	\$336,000,000
2	Public and Nonprofit Hospitals, Medicare Income (B&O)	82.04.4311	2002	\$224,000,000
3	Medicare, GAU, and BHP Receipts (Insurance Premium)	48.14.0201(6)(a)-(b)	1993	\$94,084,000
4	Dentistry (Insurance Premium)	48.14.0201(6)(c)	1993	\$24,524,000
5	Medical Devices (Sales and Use)	82.08.0283; 82.12.0277	1975	\$10,744,000
6	Nonprofit Medical Research, Training Facilities (Property)	84.36.045	1975	\$9,905,000
7	Nonprofit Cancer Treatment Clinics (Property)	84.36.046	1997	\$7,776,000
8	Nonprofit Blood, Bone, and Tissue Banks (Sales and Use)	82.08.02805; 82.12.02747	1995	\$7,153,000
9	Insulin (Sales and Use)	82.08.985; 82.12.985	2004	\$6,082,000
10	Prescription Drug Administration (B&O)	82.04.620	2007	\$3,000,000
11	Nonprofit Blood, Bone, and Tissue Banks (B&O)	82.04.324	1995	\$2,214,000
12	Kidney Dialysis Equipment (Sales and Use)	82.08.945; 82.12.945	2003	\$1,584,000
13	Dietary Supplements (Sales and Use)	82.08.925; 82.12.925	2003	\$1,579,000
14	Nonprofit Dialysis Facilities (Property)	84.36.040(1)(f)	1987	\$1,394,000
15	Nebulizers (Sales and Use)	82.08.803; 82.12.803	2004	\$1,182,000
16	Drug Delivery Systems (Sales and Use)	82.08.935; 82.12.935	2003	\$1,156,000
17	Ostomic Items (Sales and Use)	82.08.804; 82.12.804	2004	\$590,000
18	Human Body Parts (Sales and Use)	82.08.02806; 82.12.02748	1996	\$425,000
19	Free Public Hospitals (Sales and Use)	82.08.02795; 82.12.02745	1993	*
20	Organ Procurement (B&O)	82.04.326	2002	*
21	Organ Procurement (Sales and Use)	82.08.02807; 82.12.02749	2002	*
22	Life Sciences Discovery Fund (B&O)	82.04.4263	2005	*
23	Comprehensive Cancer Centers (B&O)	82.04.4265	2005	*
24	Comprehensive Cancer Centers (Sales and Use)	82.08.808; 82.12.808	2005	*
25	Vaccine Association (B&O)	82.04.640	2010	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2013</b>	<b>(68 Total Preferences)</b>			
	<b>Uncategorized</b>			
1	Local Residential & Coin-Op Telephone Service (Sales and Use)	82.08.0289	1983	\$119,116,000
2	Competitive Telephone Service (Sales and Use)	82.04.050(1)(a)	1981	\$65,596,000
3	Retailing (B&O)	82.04.250(1)	1983	\$52,191,000
4	Local Government Business Income (B&O)	82.04.419	1983	\$40,080,000
5	Used Mobile Homes (Sales and Use)	82.08.033; 82.12.033	1979	\$39,270,000
6	Nonprofit Homes for Aging (Property)	84.36.041	1989	\$24,843,000
7	Fishing Boat Fuel (Sales and Use)	82.08.0298; 82.12.0298	1987	\$15,966,000
8	Nonprofit Youth and Local Govt Recreation Services (Sales and Use)	82.08.0291; 82.12.02917	1981	\$15,132,000
9	Tree Trimming Under Power Lines (Sales and Use)	82.04.050(3)(e)	1995	\$10,326,000
10	Artistic and Cultural Organizations (B&O)	82.04.4322; 82.04.4324; 82.04.4326; 82.04.4327	1981	\$7,974,000
11	Performing Arts (Property)	84.36.060(1)(b)	1981	\$7,398,000
12	Arts & Cultural Organizations (Sales and Use)	82.08.031; 82.12.031	1981	\$5,994,000
13	Fuel Used in Commercial Vessels (B&O)	82.04.433	1985	\$5,953,000
14	Use Tax On Rental Value (Sales and Use)	82.12.010(1)	1985	\$5,885,000
15	Nonprofit Emergency or Transitional Housing (Property)	84.36.043	1983	\$5,704,000
16	Boats Under 16 ft (Watercraft)	82.49.020(3)	1983	\$5,633,000
17	Customer-Generated Power (PUT)	82.16.130	2005	\$4,078,000
18	Rural County and CEZ New Jobs (B&O)	82.62.030; 82.62.045	1986	\$2,032,000
19	Alternative Fuel Vehicles (Sales and Use)	82.08.809; 82.12.809	2005	\$680,000
20	Bonneville Power Admin Program (B&O)	82.04.310(4)	2010	\$641,000
21	Wax, Ceramic Materials To Create Molds (Sales and Use)	82.08.983; 82.12.983	2010	\$612,000
22	Tuna, Mackerel and Jack Fish (Fish)	82.27.010	1995	\$578,000
23	Nonprofit Fundraising (Property)	84.36.550	1993	\$493,000
24	Nonfuel Use of Petroleum (Oil Spill)	82.23B.045	1991	\$387,000
25	Core Deposits, Tire Fees (Sales and Use)	82.08.036; 82.12.038	1989	\$354,000
26	Forest Derived Biomass (B&O)	82.04.4494	2009	\$262,000
27	Professional Baseball Stadium (Leasehold)	82.29A.130(14)	1995	\$216,000
28	Alternative Fuel Sales (B&O)	82.04.4334	2003	\$191,000
29	Biodiesel Fuel Sale Facilities and Equipment (Sales and Use)	82.08.955; 82.12.955	2003	\$28,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2013</b>	<b>(68 Total Preferences)</b>			
30	Fish Cleaning (B&O)	82.04.2403	1994	\$26,000
31	Trade Shows (B&O)	82.04.4282(6)	1989	\$22,000
32	Alternative Fuel Production Facilities (Leasehold)	82.29A.135	1980	\$0
33	Secondary Transportation (Oil Spill)	82.23B.030	1991	\$0
34	Inmate Employment Programs (Leasehold)	82.29A.130(12)	1992	\$0
35	Forest Land, Special Assessments (Property)	84.33.210(1)	1992	\$0
36	Nonprofit Credit, Debt Counseling (B&O)	82.04.368	1993	\$0
37	Wood Biomass Fuel Production Facilities (Property)	82.08.960; 84.36.640; 82.12.960; 82.04.4335	2003	\$0
38	Alcohol/Biodiesel Fuel Production Facilities (Property)	84.36.635	2003	\$0
39	Horse Race Track Deferral (Sales and Use)	82.66.040	1995	(\$1,036,000)
40	Baseball Stadium Deferral (Sales and Use)	36.100.090	1995	(\$6,544,000)
41	Testing And Safety Labs (B&O)	82.04.434	1991	*
42	Hanford Lease Fees (Leasehold)	82.29A.020(2)	1991	*
43	Foreclosure Relocation Assistance (REET)	82.45.030(3)	2011	*
			<b>Subtotal</b>	<b>\$1,163,473,000</b>
<b>2014</b>	<b>(62 Total Preferences)</b>			
<b>Aircraft</b>				
1	Commercial Aircraft Manufacturing (B&O)	82.04.260(11)	2003	\$200,004,000
2	Aircraft Pre-Production Expenditures (B&O)	82.04.4461	2003	\$12,400,000
3	Aircraft Pre-Production Computer Expenditures (Sales and Use)	82.08.975; 82.12.975	2003	\$2,710,000
4	Aircraft Manufacturing Facilities, Property and Leasehold Taxes (B&O)	82.04.4463	2003	\$2,680,000
5	Aircraft Part Prototypes (Sales and Use)	82.08.02566; 82.12.02566	1997	\$1,606,000
6	Aircraft, Nonresident Kept in State (Aircraft)	82.48.100(6)	1999	\$4,000
7	Super-Efficient Aircraft Production (Sales and Use)	82.08.980; 82.12.980	2003	\$0
8	Superefficient Aircraft Production Facilities (Leasehold)	82.29A.137	2003	\$0
9	Superefficient Aircraft Production Facilities (Property)	84.36.655	2003	\$0
10	Aerospace Product Development (B&O)	82.04.290(3)	2008	*
11	Commercial Airplane Part Place of Sale (B&O)	82.04.627	2008	*
12	Commuter Airplanes (Sales and Use)	82.08.0262; 82.12.0254	2009	*
<b>Uncategorized</b>				

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2014</b>	<b>(62 Total Preferences)</b>			
1	Electric Power Exported or Resold (PUT)	82.16.050(11)	1989	\$240,000,000
2	Natural Gas Subject To Public Utility Tax (Sales and Use)	82.12.022(4)	1989	\$150,040,000
3	Multiple Activities, Instate and Interstate (B&O)	82.04.440	1987	\$46,768,000
4	International Investment Management (B&O)	82.04.290(1)	1995	\$35,146,000
5	Prewritten Computer Software (Property)	84.40.037	1991	\$32,866,000
6	Prescription Drugs Resellers (B&O)	82.04.272	1998	\$24,174,000
7	Historic Property (Property)	84.26.070	1985	\$16,567,000
8	Sewerage Processing, Disposal (PUT)	82.16.050(13)	1987	\$15,262,000
9	Custom Computer Software (Property)	84.36.600	1991	\$13,808,000
10	Beer Tax Exemption For Microbrewers (Other Sales Taxes)	66.24.290(3)(b)	1993	\$7,719,000
11	Multi-unit Urban Housing (Property)	84.14.020	1995	\$5,408,000
12	Film and Video Production Equipment (Sales and Use)	82.08.0315; 82.12.0315	1995	\$5,218,000
13	Church Child Care (B&O)	82.04.339	1992	\$3,237,000
14	Products Shipped Out of State (Litter Tax)	82.19.050(1)	1992	\$2,978,000
15	Wholesale Auto Auctions (B&O)	82.04.317; 82.04.422(1)	1997	\$2,327,000
16	Air Pollution Control Facilities (Property)	84.36.487	1997	\$2,078,000
17	Fund-Raising By Nonprofit Organizations (Sales and Use)	82.08.02573	1998	\$1,933,000
18	Child Care (B&O)	82.04.2905	1998	\$1,557,000
19	Vessel Use By Manufacturers or Dealers (Sales and Use)	82.12.800; 82.12.801; 82.12.802	1997	\$1,385,000
20	Nonprofit Developmentally Disabled Housing (Property)	84.36.042	1998	\$992,000
21	Parcels Valued Less than \$500 (Property) OR Low-value Parcels (Property)	84.36.015	1997	\$740,000
22	Nonprofit Camps and Conference Centers (Sales and Use)	82.08.830	1997	\$404,000
23	Nonprofit Fundraising (B&O)	82.04.3651	1998	\$331,000
24	Public Records Copies (Sales and Use)	82.08.02525; 82.12.02525	1996	\$300,000
25	Professional Football Stadium (Leasehold)	82.29A.130(15)	1997	\$266,000
26	Gun Safes (Sales and Use)	82.08.832; 82.12.832	1998	\$236,000
27	Nonprofit Camps and Conference Centers (B&O)	82.04.363	1997	\$223,000
28	Emergency Transport (Aircraft Fuel)	82.42.020	2003	\$139,000
29	Habitat and Water Quality Improvements (Property)	84.36.255	1997	\$102,000
30	Academic Transcripts (Sales and Use)	82.08.02537; 82.12.0347	1996	\$85,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2014</b>	<b>(62 Total Preferences)</b>			
31	Academic Transcripts (B&O)	82.04.399	1996	\$18,000
32	Gravitational Wave Observatory (Sales and Use)	82.08.02569; 82.12.02569	1996	\$0
33	Aluminum Master Alloy Producers (B&O)	82.04.110(2)(b)	1997	\$0
34	Discount Program Memberships (B&O)	82.04.421	1997	\$0
35	Football Stadium and Exhibition Center Parking (Sales and Use)	82.08.02875	1997	\$0
36	Air Pollution Control Facilities (Sales and Use)	82.08.810; 82.12.810	1997	\$0
37	Coal For Thermal Generating Plants (Sales and Use)	82.08.811; 82.12.811	1997	\$0
38	2nd Narrows Bridge (Sales and Use)	47.46.060	1998	\$0
39	2nd Narrows Bridge (B&O)	82.04.416	1998	\$0
40	International Services (B&O)	82.04.44525	1998	\$0
41	2nd Narrows Bridge (PUT)	82.16.046	1998	\$0
42	2nd Narrows Bridge (Leasehold)	82.29A.132	1998	\$0
43	2nd Narrows Bridge (REET)	82.45.190	1998	\$0
44	2nd Narrows Bridge (Property)	84.36.010(1)	1998	\$0
45	Football Stadium Deferral (Sales and Use)	36.102.070	1997	(\$7,462,000)
46	Sales Subject To Public Utility Tax	82.08.0252	1935	*
47	Vending Machine Sales	82.08.080	1963	*
48	Credit For Bad Debts	82.36.044	1998	*
49	Racing Fuel (Motor Vehicle Fuel)	82.36.247	1998	*
50	Sales Of Surplus Natural Gas	82.04.310(3)	2007	*
			<b>Subtotal</b>	<b>\$824,249,000</b>

<b>2015</b>	<b>(63 Total Preferences)</b>			
<b>Agriculture</b>				

1	Hay Cubing (B&O)	82.04.120	1997	\$448,000,000
2	Agricultural Products (Property)	84.36.470	1984	\$108,711,000
3	Farm Machinery Replacement Parts (Sales and Use)	82.08.855; 82.12.855	2006	\$18,211,000
4	Horticultural Services For Farmers (Sales and Use)	82.04.050(3)(e)	1993	\$13,196,000
5	Commercially Grown Fish or Shellfish (Fish)	82.27.030(2)	1980	\$12,460,000
6	Fuel Used On Farms (Sales and Use)	82.08.865; 82.12.865	2006	\$11,148,000
7	Leased Irrigation Equipment (Sales and Use)	82.08.0288; 82.12.0283	1983	\$9,056,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2015</b>	<b>(63 Total Preferences)</b>			
8	Grain and Unprocessed Milk Wholesaling (B&O)	82.04.332	1998	\$6,200,000
9	Livestock Medicine (Sales and Use)	82.08.880; 82.12.880	2001	\$4,560,000
10	Farm Machinery, State Levy (Property)	84.36.630	2001	\$2,157,000
11	Chicken Houses, Gas to Heat (Sales and Use)	82.08.910; 82.12.910	2001	\$1,856,000
12	Conditioned Seed Wholesaling (B&O)	82.04.331	1998	\$1,818,000
13	Farm-Worker Housing (Sales and Use)	82.08.02745; 82.12.02685	1996	\$1,727,000
14	Dairy Nutrient Management Equipment (Sales and Use)	82.08.890; 82.12.890	2001	\$1,280,000
15	Christmas Tree Producers (B&O)	82.04.100; 82.04.330	1987	\$896,000
16	Farm Property (Estate)	83.100.046	2005	\$800,000
17	Christmas Tree Inputs (Sales and Use)	82.04.213	1987	\$784,000
18	Hops Processed and Exported (B&O)	82.04.337	1987	\$758,000
19	Horticultural Packing Materials (Sales and Use)	82.08.0311; 82.12.0311	1988	\$654,000
20	Shipping Farm Products To Port (PUT)	82.16.050(10)	2007	\$468,000
21	Chicken Bedding Materials (Sales and Use)	82.08.920; 82.12.920	2001	\$464,000
22	Seed Conditioning (B&O)	82.04.120	1987	\$447,000
23	Livestock Feed (Sales and Use)	82.08.0296; 82.12.0296	1986	\$210,000
24	Anaerobic Digesters For Dairies (Sales and Use)	82.08.900; 82.12.900	2001	\$170,000
25	Aquaculture Feed (Sales and Use)	82.08.0294; 82.12.0294	1985	\$136,000
26	Custom Farming (B&O)	82.04.625	2007	\$116,000
27	Pollination Agents (Sales and Use)	82.04.050(11)	1993	\$30,000
28	Nonprofit Demonstration Farms (Property)	84.36.570	1999	\$10,000
29	Hop Commission Services (B&O)	82.04.338	1998	\$0
30	Hauling Farm Products for Relatives (PUT)	82.16.300	2007	\$0
31	Livestock Nutrient Management Equipment (Sales and Use)	82.08.890; 82.12.890	2009	*
<b>Aluminum</b>				
1	Aluminum Production Anodes and Cathodes (Sales and Use)	82.08.02568; 82.12.02568	1996	\$13,325,000
2	Aluminum Smelter Property Taxes (B&O)	82.04.4481	2004	\$4,088,600
3	Aluminum Manufacturing (B&O)	82.04.2909	2004	\$2,148,900
4	Natural Gas Used in Aluminum Smelter (Sales and Use)	82.12.022(5)	2004	\$861,200
5	Aluminum Smelter Purchases (Sales and Use)	82.08.805; 82.12.805	2009	\$157,100

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2015</b>	<b>(63 Total Preferences)</b>			
6	Aluminum Smelter Electricity or Natural Gas Purchases (B&O)	82.04.4482	2004	\$0
7	Aluminum Smelter, Sales to (PUT)	82.16.0498	2004	\$0
<b>Uncategorized</b>				
1	Motor Vehicles, Travel Trailers, Campers (Propety)	84.36.595	2000	\$1,496,860,000
2	Electricity Sales for Resale (B&O)	82.04.310(2)	2000	\$103,300,000
3	\$28,000 Minimum to File Tax Return (B&O)	82.32.045(4)(a)(i)	1996	\$82,000,000
4	Nonprofit Low-Income Rentals (Property)	84.36.560	1999	\$37,557,000
5	Salmon Habitat Timber (Timber)	84.33.0775	1999	\$12,786,000
6	Warehouse Expansion (Sales and Use)	82.08.820; 82.12.820	1997	\$6,407,000
7	Accomodation Sales, Autos (B&O)	82.04.422(2)	2001	\$4,147,000
8	First \$15,000 Personal Property (Property)	84.36.110(2)	1890	\$2,920,000
9	Trust Accounts (B&O)	82.04.392	1997	\$2,579,000
10	Small Timber Harvesters (B&O)	82.04.333	1990	\$866,000
11	Used Park-Model Trailers (Sales and Use)	82.08.032; 82.12.032	2001	\$626,000
12	Nonprofit Educational Foundations (Property)	84.36.050(2)	2001	\$417,000
13	Public Facilities Districts (Leasehold)	82.29A.130(16)	1999	\$256,000
14	Conifer Seedings Sold Out-of-State (Sales and Use)	82.08.850; 82.12.850	2001	\$104,000
15	Motorcycles Used for Rider Training (Sales & Use)	82.08.870; 82.12.845	2001	\$8,000
16	Regional Transportation Authority Sales or Leasebacks (B&O)	82.04.4201	2000	\$0
17	Sales or Leasebacks for RTA (Sales and Use)	82.08.834; 82.12.834	2000	\$0
18	Regional Transportation Authority Sales or Leasebacks (Leasehold)	82.29A.134	2000	\$0
19	Vitrification Equipment (Property)	84.36.590	2000	\$0
20	Regional Transportation Authority Sales or Leasebacks (Property)	84.36.605	2000	\$0
21	Natural Gas Purchases by DSI Industry (B&O)	82.04.447	2001	\$0
22	Natural Gas Purchased By DSI Customers (Sales and Use)	82.12.024	2001	\$0
23	Electricity Purchased by DSI Industry (PUT)	82.16.0495	2001	\$0
24	Grocery Co-ops (Litter Tax)	82.19.050(3)	2001	\$0
25	Residential and Recreational Developments (Leasehold)	82.29A.136	2001	(\$1,000)
			<b>Subtotal</b>	<b>\$2,417,735,800</b>

**2016 (57 Total Preferences)**

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2016</b>	<b>(57 Total Preferences)</b>			
<b>Uncategorized</b>				
1	\$2 Million Taxable Threshold (Estate)	83.100.020(13)	2005	\$657,235,000
2	Trade-Ins (Sales and Use)	82.08.010(1)(a)	1984	\$450,176,000
3	Custom Software (Sales and Use)	82.04.050(6)(a)(i)-(ii)	1998	\$342,194,000
4	Nonprofit Organization Government Grants (B&O)	82.04.4297	1979	\$159,498,000
5	Credit For Bad Debts (Sales and Use)	82.08.037; 82.12.037	1982	\$104,913,000
6	Timber and Wood Products Extracting, Manufacturing (B&O)	82.04.260(12)	2006	\$27,000,000
7	Royalty Income (B&O)	82.04.2907	1998	\$24,584,000
8	Boarding Homes (B&O)	82.04.2908	2004	\$21,681,000
9	Syrup Taxes Paid (B&O)	82.04.4486	2006	\$20,666,000
10	Self-service Laundry Facilities (Sales and Use)	82.04.050(2)(a)	1998	\$11,832,000
11	Marital Deduction (Estate)	83.100.047	2005	\$9,040,000
12	Professional Employer Organization Wages (B&O)	82.04.540	2006	\$4,736,000
13	Semiconductor Materials, Gases and Chemicals (Sales and Use)	82.08.9651; 82.12.9651	2006	\$2,975,000
14	Manufacturing Semiconductor Materials \$350 Million Investment (B&O)	82.04.2404	2006	\$2,968,000
15	Nonprofit Boarding Homes (B&O)	82.04.4264	2005	\$2,965,000
16	Tribal (Property)	84.36.010(1)	2004	\$2,466,000
17	Standing Timber (REET)	82.45.195	2007	\$2,156,000
18	Computers for Publishers (Sales and Use)	82.08.806; 82.12.806	2004	\$1,659,000
19	Food and Beverages Consumed on Site (Litter Tax)	82.19.050(4)	2003	\$1,445,000
20	Electric Power Sold in Rural Areas (PUT)	82.16.053	1994	\$1,400,000
21	Donations to Nonprofits and Government (Sales and Use)	82.12.02595	1995	\$1,271,000
22	Fund-Raising Sales Of Magazines (Sales and Use)	82.08.02535	1995	\$999,000
23	Salmon Habitat Restoration Grants (B&O)	82.04.4339	2004	\$800,000
24	Camps for Disabled Persons (Leasehold)	82.29A.130(13)	1995	\$703,000
25	Direct Mail Delivery (Sales and Use)	82.08.807; 82.12.807	2005	\$405,000
26	Commute Trip Reduction (PUT)	82.70.020	2003	\$220,000
27	Historic Property (Leasehold)	82.29A.130(17)	2005	\$217,000
28	Parking and Business Improvement Areas (B&O)	82.04.4267	2005	\$188,000
29	Housing For Youth In Crisis (Sales and Use)	82.08.02915; 82.12.02915	1995	\$173,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2016</b>	<b>(57 Total Preferences)</b>			
30	Catering (Litter Tax)	82.19.050(5)	2005	\$82,000
31	Treating Chemical Dependency (B&O)	82.04.2906	2003	\$70,000
32	Veteran Widows and Widowers (Property)	84.39.010	2005	\$40,000
33	Child Care Resource and Referral (B&O)	82.04.3395	1995	\$30,000
34	Federal Small Business Technology Transfer Grants (B&O)	82.04.4262	2004	\$30,000
35	Direct Mail Delivery (B&O)	82.04.4272	2005	\$22,000
36	Nonprofit Fundraising for Individual Artists (Property)	84.36.650	2003	\$12,000
37	Natural Gas Not Delivered Via Pipeline (Sales and Use)	82.12.022(3)	1994	\$0
38	Job Training Services (B&O)	82.04.4333	1996	\$0
39	Grocery Distribution Co-ops (B&O)	82.04.298(2)	2001	\$0
40	Tobacco Settlement Authority (B&O)	82.04.311	2002	\$0
41	Manufacturing Semiconductor Materials \$ 1 Billion Investment (B&O)	82.04.240(2)	2003	\$0
42	Sellers with Limited Washington Connection (B&O)	82.04.424	2003	\$0
43	Semiconductor Microchip Manufacturing (B&O)	82.04.426	2003	\$0
44	Manufacturing Semiconductor Materials, New Jobs (B&O)	82.04.448	2003	\$0
45	Sellers With Limited Washington Connection (Sales and Use)	82.08.050(11); 82.12.040(5)	2003	\$0
46	Electricity And Steam (Sales and Use)	82.08.950; 82.12.950	2003	\$0
47	Manufacturing Semiconductor Materials (Sales and Use)	82.08.965; 82.12.965	2003	\$0
48	Semiconductor Materials, Gases and Chemicals (Sales and Use)	82.08.970; 82.12.970	2003	\$0
49	Semiconductor Manufacturing Equipment (Property)	84.36.645	2003	\$0
50	Federal Small Business Innovation Grants (B&O)	82.04.4261	2004	\$0
51	Liquified Gasses (Petroleum Products)	82.23A.010(1)	2004	\$0
52	RTA Maintenance Contracts (Sales and Use)	82.04.050(13)	2005	\$0
53	Amphitheater (Leasehold)	82.29A.130(18)	2005	\$0
54	Neighborhood Revitalization (B&O and PUT)	82.73.030	2005	\$0
55	Hazardous or Toxic Waste; Recycling or Salvage Materials (Solid Waste Collection)	82.18.010(3)	1986	*
56	Legal Services To Low-Income Persons (B&O)	82.04.635	2009	*
57	Data Center Equipment (Sales and Use)	82.08.986; 82.12.986	2010	*
			<b>Subtotal</b>	<b>\$1,856,851,000</b>
<b>2017</b>	<b>(48 Total Preferences)</b>			

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2017</b>	<b>(48 Total Preferences)</b>			
<b>Uncategorized</b>				
1	Exported and Imported Fuel (Fuel)	82.36.230; 82.38.030	1933	\$2,700,000,000
2	Motor Vehicle And Special Fuel (Sales and Use)	82.08.0255(1)(f); 82.12.0256(2)(d)	1935	\$1,462,000,000
3	Churches, Parsonages, Convents (Property)	84.36.020	1854	\$130,700,000
4	Contributions and Donations (B&O)	82.04.4282	1935	\$128,370,000
5	Cigarettes Covered By Indian Tribal Contracts (Tobacco)	82.24.295(1)	2001	\$126,000,000
6	Nonprofit Hospitals (Property)	84.36.040(1)(e)	1886	\$104,760,000
7	Motor Vehicle Fuel Taxes (B&O)	82.04.4285	1935	\$49,500,000
8	Nonsectarian Organizations (Property)	84.36.030(1)	1915	\$35,100,000
9	Cigarettes Sold via Tribal Contracts (Sales and Use)	82.08.0316; 82.12.0316	2001	\$22,200,000
10	Cemeteries (Property)	84.36.020	1854	\$14,700,000
11	Billing Discounts (PUT)	82.16.0497	2001	\$11,000,000
12	Historic Auto Museum Deferral (Sales and Use)	82.32.580	2005	\$8,800,000
13	Fuel For Nonhighway Use (Fuel)	82.36.280; 82.38.180(1)	1923	\$8,200,000
14	Collections, Museums (Property)	84.36.060(1)(a)	1915	\$6,520,000
15	Nonprofit Nursing Homes (Property)	84.36.040(1)(d)	1891	\$5,890,000
16	Nursing Homes (B&O)	82.04.4289	1945	\$5,700,000
17	Handling Losses (Fuel)	82.36.029	1939	\$5,533,000
18	Growing Crops (Property)	84.40.030(3)	1890	\$5,450,000
19	Horse Racing (B&O)	82.04.350	1935	\$4,440,000
20	Membership Dues and Fees (B&O)	82.04.4282	1935	\$4,380,000
21	Nonprofit Youth Organizations (Property)	84.36.030(3)	1933	\$4,020,000
22	Exported Fuel Refunds (Motor Vehicle Fuel)	82.36.300; 82.38.180(2)	1923	\$3,300,000
23	Electricity Sold To Electrolytic Processors (Public Utility)	82.16.0421	2009	\$1,560,000
24	Nonprofit Water Cooperatives (Property)	84.36.250	1965	\$1,491,000
25	Veterans' Organizations (Property)	84.36.030(4)	1929	\$1,180,000
26	Public Transit Charges (PUT)	82.16.050(14)	2006	\$1,038,000
27	Driver Training Vehicles (Sales and Use)	82.12.0264	1955	\$554,000
28	Nonprofit Convention and Tourism Promotion (B&O)	82.04.4251	2006	\$500,000
29	State Credit Unions (Sales and Use)	82.12.860	2006	\$490,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2017</b>	<b>(48 Total Preferences)</b>			
30	Workforce Training (B&O)	82.04.449	2006	\$383,000
31	Humane Societies (Property)	84.36.060(1)(d)	1915	\$350,000
32	Sand and Gravel for Local Road Construction (B&O)	82.04.415	1965	\$342,000
33	Nonprofit Orphanages (Property)	84.36.040(1)(c)	1891	\$299,000
34	Accomodation Sales (B&O)	82.04.425	1955	\$211,000
35	Nonprofit Libraries (Property)	84.36.040(1)(b)	1854	\$75,000
36	Services For Salmon Cannery (B&O)	82.04.260(13)	2006	\$49,000
37	Watershed & Flood Protection (Sales and Use)	82.08.0271; 82.12.930	1963	\$44,000
38	Boxing and Wrestling Matches (B&O)	82.04.340	1935	\$41,000
39	Fire Companies (Property)	84.36.060(1)(c)	1890	\$11,500
40	Truck Auxillary Power (B&O)	82.04.4338	2006	\$5,000
41	Lost or Destroyed Fuel (Fuel)	82.36.370; 82.38.180(4)-(6)	1923	\$0
42	Ships Under Construction (Property)	84.36.079	1959	\$0
43	Purchases By Residents Of Alaska & Hawaii (Sales and Use)	82.08.0269	1961	\$0
44	Form Lumber (Sales and Use)	82.08.0274; 82.12.0268	1965	\$0
45	Auxiliary Power for Trucks, Structures and Equipment (Sales and Use)	82.08.815; 82.12.815	2006	\$0
46	Auxiliary Power for Trucks, Parts and Labor (Sales and Use)	82.08.825; 82.12.825	2006	\$0
47	Solar Hot Water Equipment (Sales and Use)	82.08.835; 82.12.835	2006	\$0
48	Goods in Transit (Property)	84.36.300	1961	*
			<b>Subtotal</b>	<b>\$4,855,186,500</b>

**2018 (43 Total Preferences)**

**Uncategorized**

1	Intangibles (Property)	84.36.070	1931	\$24,929,600,000
2	Insurance Premiums (B&O)	82.04.320	1935	\$836,200,000
3	Real Estate sales (B&O)	82.04.390	1935	\$638,951,000
4	Items Used In Interstate Commerce (Sales and Use)	82.04.4289	1949	\$443,000,000
5	Import and Export Commerce (B&O)	82.04.610	2007	\$155,296,000
6	Public Utilities (B&O)	82.04.310(1)	1935	\$113,200,000
7	Nonprofit Private Colleges (Property)	84.36.050(1)	1925	\$75,800,000
8	Agricultural Products (B&O)	82.04.330; 82.04.410	1935	\$65,800,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2018</b>	<b>(43 Total Preferences)</b>			
9	Rural County Deferral (Sales and Use)	82.60.040; 82.60.049	1985	\$64,071,000
10	Nonprofit Private K-12 Schools (Property)	84.36.050(1)	1925	\$48,100,000
11	Other Ships and Vessels (Property)	84.36.090	1931	\$30,500,000
12	Bad Debts (B&O)	82.04.4284	1935	\$20,700,000
13	Commercial Vessels (Property)	84.36.080(1)	1931	\$19,000,000
14	Urban Transportation (PUT)	82.16.020(1)(d)-(e)	1935	\$17,200,000
15	Tobacco Sales To U.S. or Indian Tribes (Tobacco)	82.26.110	2007	\$7,166,000
16	Sales For Resale (PUT)	82.16.050(2)	1935	\$5,200,000
17	Radio and TV Broadcasting (B&O)	82.04.280(1)(f)	1935	\$4,900,000
18	Fraternal Insurance (B&O)	82.04.370	1935	\$4,200,000
19	Sales Tax Sourcing Costs (Sales and Use)	82.32.760(1)(b)	2007	\$4,166,000
20	Farm Auction Sales (Sales and Use)	82.08.0257; 82.12.0258	1943	\$4,100,000
21	Credit Losses (PUT)	82.16.050(5)	1935	\$3,640,000
22	Processing Horticultural Products (B&O)	82.04.4287	1935	\$3,500,000
23	\$2,000 Monthly Minimum (PUT)	82.16.040	1935	\$2,600,000
24	Irrigation Water (PUT)	82.16.050(7)	1935	\$2,500,000
25	Fraternal Benefit Societies (Insurance Premium)	48.36A.010; 48.36A.240	1911	\$2,200,000
26	Alcohol and Biodiesel Fuel Production Facilities (Property)	84.36.635(2)(a)	2003	\$922,400
27	Public Utility Property (Sales and Use)	82.08.0256; 82.12.0257	1935	\$524,600
28	Public Development Authorities (B&O)	82.04.615	2007	\$39,000
29	Cigarette Stamping (B&O)	82.04.601	2007	\$12,000
30	Amateur Radio Repeaters (Leasehold)	82.29A.138	2007	\$12,000
31	Public Authority Sales (Sales and Use)	82.08.995; 82.12.995	2007	\$2,000
32	Airports Owned by Cities in Other States (Property)	84.36.130	1941	\$0
33	Alcohol, Biodiesel, or Wood Biomass Fuel Production Facilities (Leasehold)	84.36.635, 82.29A.135, 82.04.260	1980	\$0
34	Standing Timber (B&O)	82.04.334	2007	\$0
35	Import and Export Commerce (Sales and Use)	82.08.990	2007	\$0
36	Quinault Tribal Tax (Timber)	84.33.0776	2007	\$0
37	Alcohol, Biodiesel, or Wood Biomass Fuel Production Facilities (Leasehold)	84.36.635, 82.29A.135, 82.04.260	2008	\$0
38	Corporate Headquarters (Sales and Use)	82.82.020	2008	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2018</b>	<b>(43 Total Preferences)</b>			
39	Digital Goods/Services, Instate & Out-Of-State	82.08.02088; 82.12.02088	2009	*
40	Electric Vehicle Battery Charging Stations (Sales and Use)	82.08.816; 82.12.816	2009	*
41	Customer-Generated Electricity (Public Utility)	82.16.130	2009	*
42	Electric Vehicle Infrastructure (Leasehold)	82.29A.125	2009	*
43	Aircraft For Air Ambulances (Property)	82.48.100(7); 84.36.575	2010	*
			<b>Subtotal</b>	<b>\$27,503,102,000</b>
<b>2019</b>	<b>(29 Total Preferences)</b>			
<b>Uncategorized</b>				
1	Employee Income (B&O)	82.04.360	1935	\$4,910,000,000
2	Investments by Nonfinancial Firms (B&O)	82.04.4281	1935	\$577,800,000
3	Feed and Seed (Sales and Use)	82.04.050(11)	1935	\$144,000,000
4	Cash Discounts (B&O)	82.04.4283; 82.08.010; 82.16.050(4)	1935	\$90,200,000
5	Janitorial Services (Sales and Use)	82.04.050(2)(d)	1935	\$86,800,000
6	Casual Sales (Sales and Use)	82.08.0251	1935	\$65,100,000
7	Tuition and Fees (B&O)	82.04.4282(5); 82.04.4332	1935	\$40,200,000
8	Newspapers (Sales and Use)	82.08.0253; 82.12.0345; 82.08.0253(1)(b)	1935	\$24,800,000
9	General Aviation (Property)	82.48.100; 82.48.110	1949	\$22,200,000
10	Joint Utility Services (PUT)	82.16.050(3)	1935	\$20,000,000
11	Ocean Marine Insurance (Insurance Premium)	48.11.050; 48.11.105; 48.14.020(3)	1947	\$4,900,000
12	Standard Digital Information (Sales and Use)	82.08.705; 82.12.705	2009	\$4,226,000
13	Municipal Utility, Collected Taxes (PUT)	82.16.050(1)	1935	\$1,400,000
14	Manufacturing Flour and Oil (B&O)	82.04.260(1)(a)	1949	\$832,000
15	Nonprofit Fairs (Property)	84.36.480	1975	\$201,000
16	Nonprofit Races (Parimutel Tax)	67.16.105(1)	1979	\$20,000
17	Commercial Aircraft (Aircraft)	82.48.100(4)	1949	(\$19,900,000)
18	Aircraft, Nonresident or Held for Sale (Aircraft)	82.48.100(3),(5)	1955	*
19	Route 520 Replacement Bridge (Sales and Use)	47.01.412	2008	*
20	Trail Grooming (Sales and Use)	82.08.0203	2008	*
21	Waste Vegetable Oil, Biodiesel (Sales and Use)	82.08.0205; 82.12.0205	2008	*
22	Temporary Medical Housing (Sales and Use)	82.08.997	2008	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2019</b>	<b>(29 Total Preferences)</b>			
23	Weatherization Assistance Program (Sales and Use)	82.08.998; 82.12.998	2008	*
24	Military Housing (Property)	82.29A.130(19); 84.36.665	2008	*
25	Active Duty Military Penalty Waiver (B&O, Sales and Use)	82.32.055	2008	*
26	Newspapers (B&O)	82.04.260(14)	2009	*
27	Radioactive Waste Cleanup (B&O)	82.04.263	2009	*
28	Audio Or Video Programming (Sales and Use)	82.08.02081; 82.12.02081	2009	*
29	Digital Goods and Services For Business Purposes (Sales and Use)	82.08.02087; 82.12.02087	2009	*
			<b>Subtotal</b>	<b>\$5,972,779,000</b>
<b>2020</b>	<b>(52 Total Preferences)</b>			
<b>Uncategorized</b>				
1	Nonresidents' Personal Property (Sales and Use)	82.04.425	1935	\$8,548,000,000
2	Interstate Transportation Equipment (Sales and Use)	82.08.0262	1949	\$4,457,400,000
3	Vehicles Used in Interstate Commerce (Sales and Use)	82.12.0254	1937	\$1,094,800,000
4	Vehicles In Interstate Commerce (Sales and Use)	82.08.0263	1949	\$220,300,000
5	Fertilizer and Chemical Spray (Sales and Use)	82.04.050(11)	1943	\$166,600,000
6	Labor and Services to Construct Public Roads (Sales & Use)	82.04.050(10)	1943	\$128,100,000
7	Vehicles Sold To Nonresidents (Sales and Use)	82.08.0264	1935	\$68,700,000
8	Interstate Transportation, In-state Portion (PUT)	82.16.050(6)	1935	\$59,700,000
9	Interstate Transportation, Through Freight (PUT)	82.16.050(8)	1937	\$32,200,000
10	Breeding Livestock, Cattle, Milk Cows (Sales and Use)	82.08.0259; 82.12.0261	1945	\$19,792,000
11	Shipments To Ports (PUT)	82.16.050(9)	1937	\$15,200,000
12	Bailed Tangible Personal Property For R&D (Sales and Use)	82.12.0265	1961	\$10,500,000
13	Farm Machinery Sold To Nonresidents (Sales and Use)	82.08.0268	1961	\$9,900,000
14	Vehicles Acquired While In Military Service (Sales and Use)	82.12.0266	1963	\$7,812,000
15	Title Insurance (Insurance Premium)	48.14.020	1947	\$6,060,000
16	Sand & Gravel For Local Road Construction (Sales and Use)	82.08.0275; 82.12.0269	1965	\$4,174,000
17	Conservation and Open Space Land (Property)	84.36.260; 84.34.220	1967	\$3,909,000
18	Ride-Sharing Vehicles (Sales and Use)	82.08.0287; 82.12.0282	1980	\$2,033,000
19	Nonprofit Sheltered Workshops (B&O)	82.04.385	1970	\$1,983,000
20	Home Improvements (Property)	84.36.400	1972	\$1,938,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2020</b>	<b>(52 Total Preferences)</b>			
21	Agricultural Products (Litter Tax)	82.19.050(2)	1971	\$1,929,000
22	Nursery Stock (Property)	84.40.220	1971	\$1,521,000
23	METRO Transit Planning (PUT)	35.58.560	1967	\$1,200,000
24	Forest Land Compensating Tax (Property)	84.33.140(13)-(14)	1971	\$1,094,000
25	Certified Aircraft Repair Firms (B&O)	82.04.250(3)	2003	\$1,004,000
26	Fuel Used In Urban Transportation (Fuel)	82.36.275; 82.38.080	1957	\$987,000
27	Semen For Artificial Insemination (Sales and Use)	82.08.0272; 82.12.0267	1965	\$870,000
28	Agricultural Fairs (B&O)	82.04.335	1965	\$824,000
29	Ride-Sharing, Special Needs Transportation (PUT)	82.16.047	1979	\$778,000
30	Pollution Control Facilities (B&O)	82.04.427; 82.34.060(2)	1967	\$681,000
31	Pollution Control Facilities (PUT)	82.16.045	1967	\$675,000
32	Christmas Trees, Cottonwoods (Timber)	84.33.170	1971	\$660,000
33	Destroyed Property (Property)	84.70.010	1974	\$481,000
34	Poultry Used In Production (Sales and Use)	82.08.0267; 82.12.0262	1961	\$462,000
35	Commuter Ride Sharing (B&O)	82.04.355	1979	\$148,000
36	Pollution Control Facilities, Credit for Tax Paid (Sales and Use)	82.34.050(2)	1967	\$65,000
37	Processing Dried Peas (B&O)	82.04.260(2)	1967	\$63,000
38	Pollen (Sales and Use)	82.08.0277; 82.12.0273	1967	\$58,000
39	Printing by Local Governments (B&O)	82.04.397	1979	\$26,000
40	Fuel Sales To Foreign Governments (Fuel)	82.36.245	1967	\$8,000
41	Seafood Processing (B&O)	82.04.120	1975	\$4,000
42	Annexation Sales (Sales and Use)	82.08.0278; 82.12.0274	1970	\$0
43	Timber (Property)	84.33.040	1971	\$0
44	Returnable Containers (Sales and Use)	82.08.0282; 82.12.0276	1974	\$0
45	Services Performed Between Local Governments (B&O)	82.04.4291	1970	*
46	Interest On Agricultural Loans (B&O)	82.04.4294	1970	*
47	Special Fuel (Sales and Use)	82.08.0255(2); 82.12.0256(1)	1983	*
48	Meals Provided To Seniors (Sales and Use)	82.08.0293; 82.08.195; 82.12.0293	2009	*
49	Financial Institution Commercial Aircraft Loan Interest and Fees (B&O)	82.04.43391; 82.04.080(2)	2010	*
50	Financial Institution Affiliate Income (B&O)	82.04.645; 82.04.080(2)	2010	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2020</b>	<b>(52 Total Preferences)</b>			
51	Financial institution Investment Conduit or Securitization Entity Income (B&O)	82.04.650; 82.04.080(2)	2010	*
52	Community Centers (Property)	84.36.010(1)	2010	*
			<b>Subtotal</b>	<b>\$14,872,639,000</b>
<b>2021</b>	<b>(66 Total Preferences)</b>			
	<b>Uncategorized</b>			
1	REET Exemptions (REET)	82.45.010(3)	1951	\$1,356,200,000
2	Exported and Commercial Uses (Aircraft Fuel)	82.42.030; 82.42.070	1967	\$299,900,000
3	Interest On Real Estate Loans (B&O)	82.04.4292	1970	\$172,600,000
4	Extracted Fuel (Sales and Use)	82.12.0263	1949	\$69,200,000
5	Credit Unions, State Chartered (B&O)	82.04.405	1970	\$60,900,000
6	Purchases By Nonresidents, No or Low Sales Taxes (Sales and Use)	82.08.0273	1965	\$58,000,000
7	Renewable Energy Machinery (Sales and Use)	82.08.962; 82.12.962	2009	\$40,800,000
8	Shared Real Estate Commissions (B&O)	82.04.255	1970	\$36,000,000
9	Processing Meat (B&O)	82.04.260(4)	1967	\$30,500,000
10	Interstate Bridges (Property)	84.36.230	1949	\$29,100,000
11	Nonprofit Day Care Centers (Property)	84.36.040(1)(a)	1973	\$15,750,000
12	Subsidiary Dividends (B&O)	82.04.4281(1)(b),(c)	1970	\$14,400,000
13	Boats Sold To Nonresidents (Sales and Use)	82.08.0266; 82.08.02665	1959	\$13,800,000
14	Hospital Laundry Service (Sales and Use)	82.04.050(2)(a)	1973	\$8,800,000
15	Church Camps (Property)	84.36.030(2)	1971	\$6,878,000
16	Nonprofit Blood, Bone, and Tissue Banks (Property)	84.36.035	1971	\$6,090,000
17	Display Items For Trade Shows (Sales and Use)	82.12.0272	1971	\$4,984,000
18	Nonprofit Sheltered Workshops (Property)	84.36.350	1970	\$4,438,000
19	Open Space Land, Compensating Tax (Property)	84.34.108(6)	1973	\$3,880,000
20	Hog Fuel To Produce Electricity (Sales and Use)	82.08.956; 82.12.956	2009	\$3,237,000
21	Municipal Sewer Service Payments (B&O)	82.04.432	1967	\$3,000,000
22	Church Offices (Property)	84.36.032	1975	\$1,875,000
23	Interest On Government Obligations (B&O)	82.04.4293	1970	\$1,760,000
24	Nonprofit Public Assembly Halls, Meeting Places (Property)	84.36.037	1981	\$1,388,000
25	International Banking Facilities (B&O)	82.04.315	1982	\$1,232,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2021</b>	<b>(66 Total Preferences)</b>			
26	Easements for Removing Products (Leasehold)	82.29A.020(1)	1975	\$998,000
27	Public Historical Sites (Leasehold)	35.21.755	1977	\$997,000
28	Log Transportation (Public Utility)	82.16.020	2009	\$971,000
29	Tax Paid In Other States (Fish)	82.27.040	1980	\$852,000
30	Nonprofit Youth Organization Fees and Dues (B&O)	82.04.4271	1981	\$847,000
31	Nonprofit Water Associations (PUT)	82.16.050(12)	1977	\$650,000
32	Public Employee Housing (Leasehold)	82.29A.130(5)	1976	\$567,000
33	Fuel For Transporting Special Needs Persons (Fuel)	82.36.285; 82.38.080(1)(h)	1983	\$456,000
34	Product Leases, 33% credit (Leasehold)	82.29A.120(2)	1976	\$438,000
35	Nonresidents' Rental Cars (Sales and Use)	82.08.0279	1980	\$350,000
36	Biomass To Produce Electricity (Sales and Use)	82.08.957; 82.12.957	2009	\$350,000
37	Cogeneration Facilities and Renewable Resources (PUT)	82.16.055	1980	\$300,000
38	Low Income Property Tax Deferral (Property)	84.37.030	2007	\$270,891
39	Homes Pending Destruction (Leasehold)	82.29A.130(10)	1976	\$168,000
40	Public Works Contracts (Leasehold)	82.29A.130(11)	1976	\$142,000
41	Printing by Schools (B&O)	82.04.395	1979	\$112,000
42	Honey Beekeepers (Sales and Use)	82.08.0204; 82.12.0204	2008	\$94,000
43	Honey Beekeepers (B&O)	82.04.629; 82.04.630	2008	\$86,000
44	Funeral Home Reimbursement (B&O)	82.04.4296	1979	\$26,000
45	Printing by Libraries (B&O)	82.04.600	1979	\$8,000
46	Habitat For Endangered Species (Property)	84.33.140(13)-(14); 84.34.108(6)	2009	\$6,000
47	Repaired Items Delivered Out-of-State (Sales and Use)	82.08.0265	1959	\$0
48	Nonprofit Radio, TV Broadcast Facilities (Property)	84.36.047	1977	\$0
49	Nonprofit Youth Organizations (Timber)	84.33.075	1980	\$0
50	Public Property Leaseholds (Property)	84.36.451	1976	(\$33,394,000)
51	Credit For Tax Paid To Other States (Sales and Use)	82.12.035	1967	*
52	Imported Frozen or Packaged Fish (Fish)	82.27.030(1),(3)	1980	*
53	Ride-sharing Vehicles (MVET)	82.44.015	1980	*
54	Crop Dusting (Aircraft Fuel)	82.42.020	1982	*
55	Housing Finance Commission (B&O)	82.04.408	1983	*

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2021</b>	<b>(66 Total Preferences)</b>			
56	Grants to Local Government (B&O)	82.04.418	1983	*
57	Motor Vehicle and Special Fuel (Sales and Use)	82.08.0255(1)(d); 82.12.0256(2)(d)	1983	*
58	Boats Sold to Nonresidents (Sales and Use)	82.08.700; 82.12.700	2007	*
59	Solar Energy Machinery & Equipment (Sales and Use)	82.08.963; 82.12.963	2009	*
60	Property Management Personnel Payments (B&O)	82.04.4274	2011	*
61	Child Welfare Services (B&O)	82.04.4275	2011	*
62	Mental Health Services (B&O)	82.04.4277	2011	*
63	Restaurant Employee Meals (B&O)	82.04.750	2011	*
64	Fuel for State or County Ferries (Sales & Use)	82.08.0255(d),(e); 82.12.0256(e), (f)	2011	*
65	Public Institution R&D Machinery and Equipment (Sales and Use)	82.08.025651; 82.12.025651	2011	*
66	Restaurant Employee Meals (Sales & Use)	82.08.9995; 82.12.9995	2011	*

**Subtotal                    \$2,220,006,891**

<b>2022</b>	<b>(56 Total Preferences)</b>			
<b>Uncategorized</b>				
1	Fuel Use Exemptions (Fuel)	82.38.080	1971	\$1,603,421,000
2	Business and Mobile Home Inventories (Property)	84.36.477; 84.36.510	1974	\$938,000,000
3	Hazardous Substance Exemptions (Hazardous Substance)	82.21.040	1989	\$167,177,000
4	High Technology Deferral (Sales and Use)	82.63.010; 82.63.030	1994	\$145,712,000
5	Annuities (Insurance Premium)	48.14.020(1)	1979	\$129,860,000
6	High Technology R&D (B&O)	82.04.4452	1994	\$61,228,000
7	Charter And Freight Brokers (B&O)	82.04.260(6)	1979	\$49,463,000
8	Subsidized Housing (Leasehold)	82.29A.130(3)	1976	\$46,548,000
9	Insurance Agents (B&O)	82.04.260(9)	1983	\$45,232,000
10	Stevedoring (B&O)	82.04.260(7)	1979	\$20,387,000
11	Ferry Boats (Sales and Use)	82.08.0285; 82.12.0279	1977	\$18,870,000
12	Travel Agents (B&O)	82.04.260(5)	1975	\$17,433,000
13	Precious Metals And Bullion (Sales and Use)	82.04.062	1985	\$16,634,000
14	Insurance Guarantee Funds (Insurance Premium)	48.32.130; 48.32.145; 48.32A.125	1976	\$13,485,000
15	Federal Government Structure Labor (Sales and Use)	82.04.050(12)	1975	\$12,265,000
16	Condominium Maintenance Fees (B&O)	82.04.4298	1979	\$10,030,000

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2022</b>	<b>(56 Total Preferences)</b>			
17	Leases Under \$250 Per Year or Short Term (Leasehold)	82.29A.130(8)-(9)	1976	\$9,461,000
18	Urban Transit Fuel (Sales and Use)	82.08.0255(1)(a)-(c); 82.12.0256(2)(a)-(c)	1980	\$7,919,000
19	Manufacturing Completed In-State (B&O)	82.04.4295	1977	\$5,774,000
20	Commuting Programs (B&O)	82.70.020	2003	\$5,280,000
21	Differential Rates (Fish)	82.27.020(4)	1980	\$5,020,000
22	Biotechnology Deferral (Sales and Use)	82.75.010; 82.75.030	2006	\$4,924,000
23	Manufacturing for Government (Leasehold)	82.29A.020(1)	1976	\$3,499,000
24	Cargo Containers (Property)	84.36.105	1975	\$2,901,000
25	Life Insurance Sales Employees (B&O)	82.04.360(1)	1991	\$1,720,000
26	Health Insurance by State Pool (Insurance Premium)	48.14.022	1987	\$1,558,000
27	Precious Metals and Bullion (B&O)	82.04.062	1985	\$1,277,000
28	Solar Energy and Silicon Manufacturing (B&O)	82.04.294	2005	\$795,000
29	Adult Family Homes (B&O)	82.04.327	1987	\$748,000
30	Excess Tax Credit (Leasehold)	82.29A.120(1)	1986	\$379,000
31	Returned Motor Vehicles (Sales and Use)	82.32.065	1987	\$363,000
32	Used Floating Homes (Sales and Use)	82.08.034; 82.12.034	1984	\$351,000
33	Historic Vessels (Property)	84.36.080(2)	1986	\$333,000
34	Computers Donated to Schools (Sales and Use)	82.12.0284	1983	\$184,000
35	Lodging For Homeless People (Sales and Use)	82.08.0299	1988	\$46,000
36	Timber Tax Minimum (Timber)	84.33.086	1984	\$12,000
37	Public Timber (Timber)	84.33.077	1983	\$0
38	Conservation Futures (Property)	84.36.500	1984	\$0
39	Delinquent Penalty, Interest Waivers (Property)	84.56.025	1984	\$0
40	Student Loan Organizations (B&O)	82.04.367	1987	\$0
41	Student Loan Organizations (Property)	84.36.030(6)	1987	\$0
42	Health Insurance Claims (B&O)	82.04.4331	1988	\$0
43	Crude Oil (Petroleum Products)	82.23A.010(1)	1989	\$0
44	Successive Use (Petroleum Products)	82.23A.030(1)	1989	\$0
45	Domestic Use (Petroleum Products)	82.23A.030(2)	1989	\$0
46	Fuel Used Before Tax Imposed (Petroleum Products)	82.23A.030(4)	1989	\$0

	Brief Description	RCW	Year Enacted	Biennial Taxpayer Savings
<b>2022</b>	<b>(56 Total Preferences)</b>			
47	Fuel Used To Process Petroleum Products (Petroleum Products)	82.23A.030(5)	1989	\$0
48	Exported Petroleum Products (Petroleum Products)	82.23A.030(6)	1989	\$0
49	Packaged Petroleum Products (Petroleum Products)	82.23A.030(7)	1989	\$0
50	Fuel Exported In Fuel Tanks (Petroleum Products)	82.23A.040(1)	1989	\$0
51	Syrup Previously Taxed (Syrup)	82.64.030(1)	1989	\$0
52	Syrup Exported (Syrup)	82.64.030(2)	1989	\$0
53	Syrup Purchased Before Tax Imposed (Syrup)	82.64.030(4)	1989	\$0
54	Trademarked Syrup (Syrup)	82.64.030(3)	1991	\$0
55	Natural and Manufactured Gas (Sales and Use)	82.08.026; 82.12.023; 82.14.030(1)	1989	(\$24,477,000)
56	Ferrosilicon (Sales and Use)	82.04.050(1)(a)(iv); 82.04.190(1)(d)	1986	*
			<b>Subtotal</b>	<b>\$3,323,812,000</b>
			<b>Total Biennial Taxpayer Savings</b>	<b>\$65,009,834,191</b>