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**SUBSTITUTE SENATE BILL 6492**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Senate Ways & Means (originally sponsored by Senators Pedersen, Rolfes, and Wilson, C.)

1 AN ACT Relating to addressing workforce education investment  
2 funding through business and occupation tax reform; amending RCW  
3 28C.18.200, 43.79.195, 82.04.290, 82.04.299, and 82.04.4451;  
4 reenacting and amending RCW 82.32.045; creating new sections;  
5 providing effective dates; and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 **Sec. 1.** RCW 28C.18.200 and 2019 c 406 s 3 are each amended to  
8 read as follows:

9 (1) The workforce education investment accountability and  
10 oversight board is established. The board consists of seventeen  
11 members, as provided in this subsection:

12 (a) Four members of the legislature consisting of the chairs and  
13 ranking minority members of the respective higher education and  
14 workforce development committees of the senate and house of  
15 representatives, ex officio; and

16 (b) The following members appointed by the governor with the  
17 consent of the senate:

18 (i) Five members representing the businesses described in RCW  
19 82.04.299 or subject to the tax rate under RCW 82.04.290(2)(a)(i);

20 (ii) Two members representing labor organizations, one of which  
21 must have expertise in registered apprenticeships and training a

1 high-demand workforce and one of which must represent faculty at the  
2 four-year institutions of higher education;

3 (iii) Two members representing the institutions of higher  
4 education, as defined in RCW 28B.10.016, one of which must be from  
5 the four-year sector and one of which must be from the community and  
6 technical college sector;

7 (iv) Two members representing students, one of which must be a  
8 community and technical college student;

9 (v) One member representing the independent, not-for-profit  
10 higher education institutions; and

11 (vi) One member representing the student achievement council,  
12 established under chapter 28B.77 RCW.

13 (2) Except for ex officio and student members, board members  
14 shall hold their offices for a term of three years until their  
15 successors are appointed. Student board members shall hold one-year  
16 terms.

17 (3) The board shall have two cochairs. One cochair shall be one  
18 of the chairs of the respective higher education and workforce  
19 development committees of the legislature and the other cochair shall  
20 be one of the board members representing the businesses described in  
21 RCW 82.04.299 or subject to the tax rate under RCW  
22 82.04.290(2)(a)(i). The cochairs shall hold the position for a one-  
23 year term. The board members shall elect the cochairs annually.

24 (4) Nine voting members of the board constitute a quorum for the  
25 transaction of business. The board shall meet four times a year.

26 (5) Staff support for the board shall be provided by the  
27 workforce training and education coordinating board established in  
28 this chapter (~~(28C.18 RCW)~~).

29 (6) The purposes of the board are to:

30 (a) Provide guidance and recommendations to the legislature on  
31 what workforce education priorities should be funded with the  
32 workforce education investment account; and

33 (b) Ensure accountability that the workforce education  
34 investments funded with the workforce education investment account  
35 are producing the intended results and are effectively increasing  
36 student success and career readiness, such as by increasing  
37 retention, completion, and job placement rates.

38 (7) The board shall consult data from the education data center  
39 established under RCW 43.41.400 and the workforce training and  
40 education coordinating board established under this chapter (~~(28C.18~~

1 RCW)) when reviewing and determining whether workforce education  
2 investments funded from the workforce education investment account  
3 are effectively increasing student success and career readiness.

4 (8) The board shall report its recommendations to the appropriate  
5 committees of the legislature by August 1st of each year.

6 (9) For the purposes of this section, "board" means the workforce  
7 education investment accountability and oversight board established  
8 in this section.

9 **Sec. 2.** RCW 43.79.195 and 2019 c 406 s 2 are each amended to  
10 read as follows:

11 (1) The workforce education investment account is created in the  
12 state treasury. All revenues from the workforce investment  
13 surcharge(~~s~~) created in RCW 82.04.299 and those revenues as  
14 specified under RCW 82.04.290(2)(c) must be deposited directly into  
15 the account. Moneys in the account may be spent only after  
16 appropriation. Expenditures from the account may be used only for  
17 higher education programs, higher education operations, higher  
18 education compensation, and state-funded student aid programs. For  
19 the 2019-2021 biennium, expenditures from the account may be used for  
20 kindergarten through twelfth grade if used for career connected  
21 learning as provided for in chapter 406, Laws of 2019.

22 (2) Expenditures from the workforce education investment account  
23 must be used to supplement, not supplant, other federal, state, and  
24 local funding for higher education.

25 **Sec. 3.** RCW 82.04.290 and 2019 c 426 s 2 are each amended to  
26 read as follows:

27 (1) Upon every person engaging within this state in the business  
28 of providing qualifying international investment management services,  
29 as to such persons, the amount of tax with respect to such business  
30 is equal to the gross income or gross proceeds of sales of the  
31 business multiplied by a rate of 0.275 percent.

32 (2)(a) Upon every person engaging within this state in any  
33 business activity other than or in addition to an activity taxed  
34 explicitly under another section in this chapter or subsection (1) or  
35 (3) of this section; as to such persons the amount of tax on account  
36 of such activities is equal to the gross income of the business  
37 multiplied by the rate of:

38 (i) 1.8 percent; or

1 (ii) 1.5 percent for:

2 (A) Any person subject to the surcharge imposed under RCW  
3 82.04.299;

4 (B) Any person whose gross income of the business subject to the  
5 tax imposed under this subsection (2), for the immediately preceding  
6 calendar year, was less than one million dollars, unless (I) the  
7 person is affiliated with one or more other persons, and (II) the  
8 aggregate gross income of the business subject to the tax imposed  
9 under this subsection (2) for all affiliated persons was greater than  
10 or equal to one million dollars for the immediately preceding  
11 calendar year; and

12 (C) Hospitals as defined in RCW 70.41.020, including any hospital  
13 that comes within the scope of chapter 71.12 RCW if the hospital is  
14 also licensed under chapter 70.41 RCW. This subsection (2) (a) (ii) (C)  
15 must not be construed as modifying RCW 82.04.260(10).

16 (b) This subsection (2) includes, among others, and without  
17 limiting the scope hereof (whether or not title to materials used in  
18 the performance of such business passes to another by accession,  
19 confusion or other than by outright sale), persons engaged in the  
20 business of rendering any type of service which does not constitute a  
21 "sale at retail" or a "sale at wholesale." The value of advertising,  
22 demonstration, and promotional supplies and materials furnished to an  
23 agent by his or her principal or supplier to be used for  
24 informational, educational, and promotional purposes is not  
25 considered a part of the agent's remuneration or commission and is  
26 not subject to taxation under this section.

27 (c) Sixteen and seven-tenths percent of the revenues collected  
28 under (a) (i) of this subsection (2) must be deposited into the  
29 workforce education investment account created in RCW 43.79.195.

30 (d) (i) To aid in the effective administration of this subsection  
31 (2), the department may require a person claiming to be subject to  
32 the 1.5 percent tax rate under (a) (ii) of this subsection (2) to  
33 identify all of the person's affiliates, including their department  
34 tax registration number or unified business identifier number, as may  
35 be applicable, or to certify that the person is not affiliated with  
36 any other person. Requests under this subsection (2) (d) (i) must be in  
37 writing and may be made electronically.

38 (ii) If the department determines that a person failed to provide  
39 the department with complete and accurate information in response to  
40 a written request under (d) (i) of this subsection (2) within thirty

1 days of such request, the person is ineligible for the 1.5 percent  
2 tax rate in (a)(ii) of this subsection (2) for the entire current  
3 calendar year and the preceding four calendar years, except for any  
4 calendar year prior to 2020, and except for reporting periods prior  
5 to April 1, 2020. However, the department must waive the provisions  
6 of this subsection (2)(d)(ii) for any tax reporting period that the  
7 person is otherwise eligible for the 1.5 percent tax rate in (a)(ii)  
8 of this subsection (2) if (A) the department has not previously  
9 determined that the person failed to fully comply with (d)(i) of this  
10 subsection (2), and (B) within thirty days of the notice of  
11 additional tax due as a result of the person's failure to fully  
12 comply with (d)(i) of this subsection (2) the department determines  
13 that the person has come into full compliance with (d)(i) of this  
14 subsection (2).

15 (e) For the purposes of (a)(ii)(A) of this subsection (2), if a  
16 taxpayer is subject to the reconciliation provisions of RCW  
17 82.04.462(4), and calculates gross income of the business subject to  
18 the tax imposed under this subsection (2) for the immediately  
19 preceding calendar year, or aggregate gross income of the business  
20 subject to the tax imposed under this subsection (2) for the  
21 immediately preceding calendar year for all affiliated persons, based  
22 on incomplete information, the taxpayer must correct the reporting  
23 for the current calendar year when complete information for the  
24 immediately preceding calendar year is available.

25 (f) For purposes of this subsection (2), the definitions in this  
26 subsection (2)(f) apply:

27 (i) "Affiliate" means a person that directly or indirectly,  
28 through one or more intermediaries, controls, is controlled by, or is  
29 under common control with another person; and

30 (ii) "Control" means the possession, directly or indirectly, of  
31 more than eighty percent of the power to direct or cause the  
32 direction of the management and policies of a person, whether through  
33 the ownership of voting shares, by contract, or otherwise.

34 (3)(a) Until July 1, 2040, upon every person engaging within this  
35 state in the business of performing aerospace product development for  
36 others, as to such persons, the amount of tax with respect to such  
37 business is equal to the gross income of the business multiplied by a  
38 rate of 0.9 percent.

1 (b) A person reporting under the tax rate provided in this  
2 subsection (3) must file a complete annual report with the department  
3 under RCW 82.32.534.

4 (c) "Aerospace product development" has the meaning as provided  
5 in RCW 82.04.4461.

6 **Sec. 4.** RCW 82.04.299 and 2019 c 406 s 74 are each amended to  
7 read as follows:

8 ~~((The legislature intends to secure additional revenue via~~  
9 ~~surcharges targeted towards certain industries including select~~  
10 ~~advanced computing businesses.~~

11 ~~The legislature intends the provisions of chapter 406, Laws of~~  
12 ~~2019 to be applied broadly in favor of application of the surcharges.~~  
13 ~~To achieve this intent, any provision within chapter 406, Laws of~~  
14 ~~2019 that is deemed to be ambiguous by a court of competent~~  
15 ~~jurisdiction, the board of tax appeals, or any other judicial or~~  
16 ~~administrative body, should be construed in favor of application of~~  
17 ~~the surcharges. The rule of statutory construction in favor of the~~  
18 ~~application of the surcharge under this paragraph does not apply on~~  
19 ~~or after January 1, 2022.~~

20 ~~(1)(a) Beginning with business activities occurring on or after~~  
21 ~~January 1, 2020, in addition to the taxes imposed under RCW~~  
22 ~~82.04.290(2), a workforce education investment surcharge is imposed~~  
23 ~~on specified persons. The surcharge is equal to the total amount of~~  
24 ~~tax payable by the person on business activities taxed under RCW~~  
25 ~~82.04.290(2), before application of any tax credits, multiplied by~~  
26 ~~the rate of twenty percent.~~

27 ~~(b) For specified persons who report under one or more tax~~  
28 ~~classifications, this surcharge applies only to business activities~~  
29 ~~taxed under RCW 82.04.290(2).~~

30 ~~(c) The surcharge imposed under this subsection (1) must be~~  
31 ~~reported and paid in a manner and frequency as required by the~~  
32 ~~department.~~

33 ~~(2) For the purposes of this section, "specified person" means a~~  
34 ~~person who is not subject to the surcharge under subsection (4) of~~  
35 ~~this section and who is primarily engaged within this state in any~~  
36 ~~combination of the following activities:~~

37 ~~(a) Computer software publishing or publishing and reproduction.~~  
38 ~~Establishments in this industry carry out operations necessary for~~  
39 ~~producing and distributing computer software, such as designing,~~

1 providing documentation, assisting in installation, and providing  
2 support services to software purchasers. These establishments may  
3 design, develop, and publish, or publish only. These establishments  
4 may publish and distribute software remotely through subscriptions  
5 and downloads;

6 (b) Conducting original investigation undertaken on a systematic  
7 basis to gain new knowledge or the application of research findings  
8 or other scientific knowledge for the creation of new or  
9 significantly improved products or processes. Techniques may include  
10 modeling and simulation. The industries within this industry group  
11 are defined on the basis of the domain of research and on scientific  
12 expertise of the establishment;

13 (c) Putting capital at risk in the process of underwriting  
14 securities issues or in making markets for securities and commodities  
15 and those acting as agents or brokers between buyers and sellers of  
16 securities and commodities, usually charging a commission;

17 (d) Providing expertise in the field of information technologies  
18 through one or more of the following activities: (i) Writing,  
19 modifying, testing, and supporting computer software to meet the  
20 needs of a particular customer; (ii) planning and designing computer  
21 systems that integrate computer hardware, computer software, and  
22 communication technologies; (iii) on-site management and operation of  
23 clients' computer systems and data processing facilities; or (iv)  
24 other professional and technical computer-related advice and  
25 services;

26 (e) Performing central banking functions, such as issuing  
27 currency, managing the nation's money supply and international  
28 reserves, holding deposits that represent the reserves of other banks  
29 and other central banks, and acting as a fiscal agent for the central  
30 government;

31 (f) (i) Purchasing access and network capacity from owners and  
32 operators of telecommunications networks and reselling wired and  
33 wireless telecommunications services, except satellite, to businesses  
34 and households; (ii) providing specialized telecommunications  
35 services, such as satellite tracking, communications telemetry, and  
36 radar station operation; (iii) providing satellite terminal stations  
37 and associated facilities connected with one or more terrestrial  
38 systems and capable of transmitting telecommunications to, and  
39 receiving telecommunications from, satellite systems; or (iv)  
40 providing internet access services or voice over internet protocol

1 services via client-supplied telecommunications connections.  
2 Establishments in this industry do not operate as telecommunications  
3 carriers. Mobile virtual network operators are included in this  
4 industry;

5 (g) (i) Acting as principals in buying or selling financial  
6 contracts, except investment bankers, securities dealers, and  
7 commodity contracts dealers; (ii) acting as agents or brokers, except  
8 securities brokerages and commodity contracts brokerages, in buying  
9 or selling financial contracts; or (iii) providing other investment  
10 services except securities and commodity exchanges, such as portfolio  
11 management, investment advice, and trust, fiduciary, and custody  
12 services;

13 (h) Supplying information, such as news reports, articles,  
14 pictures, and features, to the news media. This industry comprises  
15 establishments primarily engaged in providing library or archive  
16 services. These establishments are engaged in maintaining collections  
17 of documents and facilitating the use of these documents as required  
18 to meet the informational, research, educational, or recreational  
19 needs of their user. These establishments may also acquire, research,  
20 store, preserve, and generally make accessible to the public  
21 historical documents, photographs, maps, audio material, audiovisual  
22 material, and other archival material of historical interest. All or  
23 portions of these collections may be accessible electronically. This  
24 industry comprises establishments engaged in: (i) Publishing and  
25 broadcasting content on the internet exclusively; or (ii) operating  
26 web sites that use a search engine to generate and maintain extensive  
27 databases of internet addresses and content in an easily searchable  
28 format, known as web search portals. The publishing and broadcasting  
29 establishments in this industry do not provide traditional versions  
30 of the content they publish or broadcast. They provide textual,  
31 audio, or video content of general or specific interest on the  
32 internet exclusively. Establishments known as web search portals  
33 often provide additional internet services, such as email,  
34 connections to other web sites, auctions, news, and other limited  
35 content, and serve as a home base for internet users. This industry  
36 comprises establishments primarily engaged in providing other  
37 information services, except news syndicates, libraries, archives,  
38 internet publishing and broadcasting, and web search portals;

39 (i) Architectural, engineering, and related services, such as  
40 drafting services, building inspection services, geophysical



1 ~~surveying and mapping services, surveying and mapping, except~~  
2 ~~geophysical services and testing services;~~

3 ~~(j) Retailing all types of merchandise using nonstore means, such~~  
4 ~~as catalogs, toll-free telephone numbers, electronic media, such as~~  
5 ~~interactive television or the internet, or selling directly to~~  
6 ~~consumers in a nonretail, physical environment. Included in this~~  
7 ~~industry are establishments primarily engaged in retailing from~~  
8 ~~catalog showrooms of mail-order houses;~~

9 ~~(k) Providing advice and assistance to businesses and other~~  
10 ~~organizations on management, environmental, scientific, and technical~~  
11 ~~issues;~~

12 ~~(l) Providing infrastructure for hosting or data processing~~  
13 ~~services. These establishments may provide specialized hosting~~  
14 ~~activities, such as web hosting, streaming services, or application~~  
15 ~~hosting, or they may provide general time-share mainframe facilities~~  
16 ~~to clients. Data processing establishments provide complete~~  
17 ~~processing and specialized reports from data supplied by clients or~~  
18 ~~provide automated data processing and data entry services;~~

19 ~~(m) Facilitating credit intermediation by performing activities,~~  
20 ~~such as arranging loans by bringing borrowers and lenders together~~  
21 ~~and clearing checks and credit card transactions;~~

22 ~~(n) Offering legal services, such as those offered by offices of~~  
23 ~~lawyers, offices of notaries, and title abstract and settlement~~  
24 ~~offices, and paralegal services;~~

25 ~~(o) Operating or providing access to transmission facilities and~~  
26 ~~infrastructure that they own or lease for the transmission of voice,~~  
27 ~~data, text, sound, and video using wired telecommunications networks.~~  
28 ~~Transmission facilities may be based on a single technology or a~~  
29 ~~combination of technologies. Establishments in this industry use the~~  
30 ~~wired telecommunications network facilities that they operate to~~  
31 ~~provide a variety of services, such as wired telephony services,~~  
32 ~~including voice over internet protocol services, wired audio and~~  
33 ~~video programming distribution, and wired broadband internet~~  
34 ~~services. By exception, establishments providing satellite television~~  
35 ~~distribution services using facilities and infrastructure that they~~  
36 ~~operate are included in this industry;~~

37 ~~(p) Providing telecommunications services to other establishments~~  
38 ~~in the telecommunications and broadcasting industries by forwarding~~  
39 ~~and receiving communications signals via a system of satellites or~~  
40 ~~reselling satellite telecommunications;~~

1       ~~(q) Operating and maintaining switching and transmission~~  
2 ~~facilities to provide communications via the airwaves. Establishments~~  
3 ~~in this industry have spectrum licenses and provide services using~~  
4 ~~that spectrum, such as cellular phone services, paging services,~~  
5 ~~wireless internet access, and wireless video services;~~

6       ~~(r) Extending credit or lending funds raised by credit market~~  
7 ~~borrowing, such as issuing commercial paper or other debt instruments~~  
8 ~~or by borrowing from other financial intermediaries;~~

9       ~~(s) Underwriting annuities and insurance policies and investing~~  
10 ~~premiums to build up a portfolio of financial assets to be used~~  
11 ~~against future claims. Direct insurance carriers are establishments~~  
12 ~~that are primarily engaged in initially underwriting and assuming the~~  
13 ~~risk of annuities and insurance policies. Reinsurance carriers are~~  
14 ~~establishments that are primarily engaged in assuming all or part of~~  
15 ~~the risk associated with an existing insurance policy originally~~  
16 ~~underwritten by another insurance carrier. Industries are defined in~~  
17 ~~terms of the type of risk being insured against, such as death, loss~~  
18 ~~of employment because of age or disability, or property damage.~~  
19 ~~Contributions and premiums are set on the basis of actuarial~~  
20 ~~calculations of probable payouts based on risk factors from~~  
21 ~~experience tables and expected investment returns on reserves;~~

22       ~~(t) Merchant wholesale distribution of photographic equipment and~~  
23 ~~supplies and office, computer, and computer peripheral equipment and~~  
24 ~~medical, dental, hospital, ophthalmic, and other commercial and~~  
25 ~~professional equipment and supplies;~~

26       ~~(u) Operating studios and facilities for the broadcasting of~~  
27 ~~programs on a subscription or fee basis. The broadcast programming is~~  
28 ~~typically narrowcast in nature. These establishments produce~~  
29 ~~programming in their own facilities or acquire programming from~~  
30 ~~external sources. The programming material is usually delivered to a~~  
31 ~~third party, such as cable systems or direct-to-home satellite~~  
32 ~~systems, for transmission to viewers;~~

33       ~~(v) Publishing newspapers, magazines, other periodicals, books,~~  
34 ~~directories and mailing lists, and other works, such as calendars,~~  
35 ~~greeting cards, and maps. These works are characterized by the~~  
36 ~~intellectual creativity required in their development and are usually~~  
37 ~~protected by copyright. Publishers distribute or arrange for the~~  
38 ~~distribution of these works. Publishing establishments may create the~~  
39 ~~works in-house, or contract for, purchase, or compile works that were~~  
40 ~~originally created by others. These works may be published in one or~~

1 more formats, such as print or electronic form, including proprietary  
2 electronic networks. Establishments in this industry may print,  
3 reproduce, or offer direct access to the works themselves or may  
4 arrange with others to carry out such functions. Establishments that  
5 both print and publish may fill excess capacity with commercial or  
6 job printing. However, the publishing activity is still considered to  
7 be the primary activity of these establishments;

8 (w) ~~Generating, transmitting, or distributing electric power.~~  
9 Establishments in this industry group may perform one or more of the  
10 following activities: (i) Operate generation facilities that produce  
11 electric energy; (ii) operate transmission systems that convey the  
12 electricity from the generation facility to the distribution system;  
13 or (iii) operate distribution systems that convey electric power  
14 received from the generation facility or the transmission system to  
15 the final consumer;

16 (x) ~~Providing specialized design services including interior~~  
17 ~~design, industrial design, graphic design, and others, but not~~  
18 ~~including architectural, engineering, and computer systems design;~~

19 (y) ~~Assigning rights to assets, such as patents, trademarks,~~  
20 ~~brand names, or franchise agreements, for which a royalty payment or~~  
21 ~~licensing fee is paid to the asset holder;~~

22 (z) ~~Acting as agents in selling annuities and insurance policies~~  
23 ~~or providing other employee benefits and insurance related services,~~  
24 ~~such as claims adjustment and third-party administration;~~

25 (aa) ~~Business-to-business electronic markets that bring together~~  
26 ~~buyers and sellers of goods using the internet or other electronic~~  
27 ~~means and generally receive a commission or fee for the service.~~  
28 ~~Business-to-business electronic markets for durable and nondurable~~  
29 ~~goods are included in this industry. This industry comprises~~  
30 ~~wholesale trade agents and brokers acting on behalf of buyers or~~  
31 ~~sellers in the wholesale distribution of goods. Agents and brokers do~~  
32 ~~not take title to the goods being sold but rather receive a~~  
33 ~~commission or fee for their service. Agents and brokers for all~~  
34 ~~durable and nondurable goods are included in this industry;~~

35 (bb) ~~Accepting deposits or share deposits and in lending funds~~  
36 ~~from these deposits. Within this group, industries are defined on the~~  
37 ~~basis of differences in the types of deposit liabilities assumed and~~  
38 ~~in the nature of the credit extended;~~

39 (cc) (i) ~~Manufacturing complete aircraft, missiles, or space~~  
40 ~~vehicles; (ii) manufacturing aerospace engines, propulsion units,~~

1 ~~auxiliary equipment or parts; (iii) developing and making prototypes~~  
2 ~~of aerospace products; (iv) aircraft conversion; or (v) complete~~  
3 ~~aircraft or propulsion systems overhaul and rebuilding;~~

4 ~~(dd) Advertising, public relations, and related services, such as~~  
5 ~~media buying, independent media representation, outdoor advertising,~~  
6 ~~direct mail advertising, advertising material distribution services,~~  
7 ~~and other services related to advertising;~~

8 ~~(ee) Providing services, such as auditing of accounting records,~~  
9 ~~designing accounting systems, preparing financial statements,~~  
10 ~~developing budgets, preparing tax returns, processing payrolls,~~  
11 ~~bookkeeping, and billing;~~

12 ~~(ff) The independent practice of general or specialized medicine~~  
13 ~~or surgery by businesses comprised of one or more health~~  
14 ~~practitioners having the degree of doctor of medicine or doctor of~~  
15 ~~osteopathy. These practitioners operate private or group practices in~~  
16 ~~their own offices or in the facilities of others, such as hospitals~~  
17 ~~or health maintenance organization medical centers;~~

18 ~~(gg) Providing a range of outpatient services, such as family~~  
19 ~~planning, diagnosis and treatment of mental health disorders and~~  
20 ~~alcohol and other substance abuse, and other general or specialized~~  
21 ~~outpatient care by businesses with medical staff;~~

22 ~~(hh) Pooling securities or other assets, except insurance and~~  
23 ~~employee benefit funds, on behalf of shareholders, unit holders, or~~  
24 ~~beneficiaries, by legal entities such as investment pools or funds;~~

25 ~~(ii) Promoting the interests of an organization's members, except~~  
26 ~~religious organizations, social advocacy organizations, and civic and~~  
27 ~~social organizations. Examples of establishments in this industry are~~  
28 ~~business associations, professional organizations, labor unions, and~~  
29 ~~political organizations;~~

30 ~~(jj) Holding the securities of or other equity interests in~~  
31 ~~companies and enterprises for the purpose of owning a controlling~~  
32 ~~interest or influencing management decisions or businesses that~~  
33 ~~administer, oversee, and manage other establishments of the company~~  
34 ~~or enterprise and that normally undertake the strategic or~~  
35 ~~organizational planning and decision-making role of the company or~~  
36 ~~enterprise. Establishments that administer, oversee, and manage may~~  
37 ~~hold the securities of the company or enterprise;~~

38 ~~(kk) For medical and diagnostic laboratories, providing analytic~~  
39 ~~or diagnostic services, including body fluid analysis and diagnostic~~

1 ~~imaging, generally to the medical profession or to the patient on~~  
2 ~~referral from a health practitioner;~~

3 ~~(ll) Serving as offices of chief executives and their advisory~~  
4 ~~committees and commissions. This industry includes offices of the~~  
5 ~~president, governors, and mayors, in addition to executive advisory~~  
6 ~~commissions. This industry comprises government establishments~~  
7 ~~erving as legislative bodies and their advisory committees and~~  
8 ~~commissions. Included in this industry are legislative bodies, such~~  
9 ~~as congress, state legislatures, and advisory and study legislative~~  
10 ~~commissions. This industry comprises government establishments~~  
11 ~~primarily engaged in public finance, taxation, and monetary policy.~~  
12 ~~Included are financial administration activities, such as monetary~~  
13 ~~policy, tax administration and collection, custody and disbursement~~  
14 ~~of funds, debt and investment administration, auditing activities,~~  
15 ~~and government employee retirement trust fund administration. This~~  
16 ~~industry comprises government establishments serving as councils and~~  
17 ~~boards of commissioners or supervisors and such bodies where the~~  
18 ~~chief executive is a member of the legislative body itself. This~~  
19 ~~industry comprises American Indian and Alaska Native governing~~  
20 ~~bodies. Establishments in this industry perform legislative,~~  
21 ~~judicial, and administrative functions for their American Indian and~~  
22 ~~Alaska Native lands. Included in this industry are American Indian~~  
23 ~~and Alaska Native councils, courts, and law enforcement bodies. This~~  
24 ~~industry comprises government establishments primarily engaged in~~  
25 ~~providing general support for government. Such support services~~  
26 ~~include personnel services, election boards, and other general~~  
27 ~~government support establishments that are not classified elsewhere~~  
28 ~~in public administration;~~

29 ~~(mm) Providing a range of office administrative services, such as~~  
30 ~~financial planning, billing and recordkeeping, personnel, and~~  
31 ~~physical distribution and logistics, for others on a contract or fee~~  
32 ~~basis. These establishments do not provide operating staff to carry~~  
33 ~~out the complete operations of a business;~~

34 ~~(nn) Providing professional, scientific, or technical services~~  
35 ~~including marketing research, public opinion polling, photographic~~  
36 ~~services, translation and interpretation services, and veterinary~~  
37 ~~services. This category does not include legal services, accounting,~~  
38 ~~tax preparation, bookkeeping, architectural, engineering, and related~~  
39 ~~services, specialized design services, computer systems design,~~

1 management, scientific and technical consulting services, scientific  
2 research and development services, or advertising services;

3 ~~(oo) The independent practice of general or specialized dentistry  
4 or dental surgery by businesses comprised of one or more health  
5 practitioners having the degree of doctor of dental medicine, doctor  
6 of dental surgery, or doctor of dental science. These practitioners  
7 operate private or group practices in their own offices or in the  
8 facilities of others, such as hospitals or health maintenance  
9 organization medical centers. They may provide either comprehensive  
10 preventive, cosmetic, or emergency care, or specialize in a single  
11 field of dentistry;~~

12 ~~(pp) The independent practice of general or specialized medicine  
13 or surgery, or general or specialized dentistry or dental surgery, by  
14 businesses comprised of one or more independent health practitioners,  
15 other than physicians and dentists;~~

16 ~~(qq) Providing ambulatory health care services.~~

17 ~~(3) (a) (i) For the purposes of this section, a person is primarily  
18 engaged within this state in any combination of the activities  
19 described in subsection (2) of this section if more than fifty  
20 percent of the person's cumulative gross amount reportable under this  
21 chapter during the entire current or immediately preceding calendar  
22 year was generated from engaging in any one or more of the activities  
23 described in subsection (2) of this section. For purposes of this  
24 subsection, "gross amount reportable" means the total value of  
25 products, gross proceeds of sales, and gross income of the business,  
26 reportable to the department before application of any tax  
27 deductions.~~

28 ~~(ii) If a person was not primarily engaged within this state in  
29 any combination of the activities described in subsection (2) of this  
30 section during the immediately preceding year, and the person is  
31 unsure whether the person will be subject to the workforce investment  
32 surcharge for the current calendar year until the close of the  
33 current calendar year, the person must, if necessary, file corrected  
34 returns with the department of revenue to pay any additional tax due  
35 under this section for the current calendar year. Payment of  
36 additional tax, along with corrected returns, is due and payable when  
37 the person's last return for the calendar year during which the tax  
38 liability accrued is due and payable. Additional tax due under this  
39 section is subject to penalties and interest as provided under~~

1 ~~chapter 82.32 RCW only if the tax is not paid in full by the date due~~  
2 ~~as provided in this subsection (3)(a)(ii).~~

3 ~~(b) The entire amount of gross income of the business received by~~  
4 ~~a person pursuant to a contract under which the person is obligated~~  
5 ~~to perform any activity described under subsection (2) of this~~  
6 ~~section is deemed to be generated from engaging in any one or more of~~  
7 ~~the activities described in subsection (2) of this section.~~

8 ~~(4))~~ (1) (a) Beginning with business activities occurring on or  
9 after ~~((January))~~ April 1, 2020, in addition to the taxes imposed  
10 under RCW 82.04.290(2), a workforce education investment surcharge is  
11 imposed on select advanced computing businesses ~~((as follows:~~

12 ~~(i) For an affiliated group that has worldwide gross revenue of~~  
13 ~~more than twenty-five billion dollars, but not more than one hundred~~  
14 ~~billion dollars, during the entire current or immediately preceding~~  
15 ~~calendar year, the surcharge is equal to the total amount of tax~~  
16 ~~payable by each member of the affiliated group on all business~~  
17 ~~activities taxed under RCW 82.04.290(2), before application of any~~  
18 ~~tax credits, multiplied by the rate of thirty-three and one-third~~  
19 ~~percent.~~

20 ~~(ii) For an affiliated group that has worldwide gross revenue of~~  
21 ~~more than one hundred billion dollars during the entire current or~~  
22 ~~immediately preceding calendar year, the surcharge is equal to the~~  
23 ~~total amount of tax payable by each member of the affiliated group on~~  
24 ~~all business activities taxed under RCW 82.04.290(2), before~~  
25 ~~application of any tax credits, multiplied by the rate of sixty-six~~  
26 ~~and two-thirds percent)). The surcharge is equal to the gross income~~  
27 ~~of the business subject to the tax under RCW 82.04.290(2), multiplied~~  
28 ~~by the rate of 1.22 percent.~~

29 ~~(b) ((~~It~~))~~ Except as provided in (e) of this subsection (1), in  
30 no case will the combined surcharge imposed under this subsection  
31 ~~((~~4~~))~~ (1) paid by all members of an affiliated group be ~~((less than~~  
32 ~~four million dollars or))~~ more than ~~((seven))~~ nine million dollars  
33 annually.

34 (c) For persons subject to the surcharge imposed under this  
35 subsection ~~((~~4~~))~~ (1) that report under one or more tax  
36 classifications, the surcharge applies only to business activities  
37 taxed under RCW 82.04.290(2).

38 (d) The surcharge imposed under this subsection ~~((~~4~~))~~ (1) must  
39 be reported and paid on a quarterly basis in a manner ~~((and~~  
40 ~~frequency))~~ as required by the department. Returns and amounts

1 payable under this subsection (1) are due by the last day of the  
2 month immediately following the end of the reporting period covered  
3 by the return. All other taxes must be reported and paid as required  
4 under RCW 82.32.045.

5 (e) To aid in the effective administration of the surcharge in  
6 this subsection (~~((4))~~) (1), the department may require persons  
7 believed to be engaging in advanced computing or affiliated with a  
8 person believed to be engaging in advanced computing to disclose  
9 whether they are a member of an affiliated group and, if so, to  
10 identify all other members of the affiliated group subject to the  
11 surcharge. If the department determines, by clear, cogent, and  
12 convincing evidence, that a person, with intent to evade the  
13 surcharge under this subsection (~~((4))~~) (1), failed to fully comply  
14 with this subsection (~~((4))~~) (1)(e), the (~~(seven)~~) nine million  
15 dollar limitation in (b) of this subsection (~~((4))~~) (1) does not  
16 apply to the person's affiliated group.

17 (f) For the purposes of this subsection (~~((4))~~) (1) the following  
18 definitions apply:

19 (i) "Advanced computing" means designing or developing computer  
20 software or computer hardware, whether directly or contracting with  
21 another person, including modifications to computer software or  
22 computer hardware, cloud computing services, or operating an online  
23 marketplace, an online search engine, or online social networking  
24 platform;

25 (ii) "Affiliate" and "affiliated" means a person that directly or  
26 indirectly, through one or more intermediaries, controls, is  
27 controlled by, or is under common control with another person;

28 (iii) "Affiliated group" means a group of two or more persons  
29 that are affiliated with each other;

30 (iv) "Cloud computing services" means on-demand delivery of  
31 computing resources, such as networks, servers, storage,  
32 applications, and services, over the internet;

33 (v) "Control" means the possession, directly or indirectly, of  
34 more than fifty percent of the power to direct or cause the direction  
35 of the management and policies of a person, whether through the  
36 ownership of voting shares, by contract, or otherwise; and

37 (vi) "Select advanced computing business" means a person who is a  
38 member of an affiliated group with at least one member of the  
39 affiliated group engaging in the business of advanced computing, and  
40 the affiliated group has worldwide gross revenue of more than twenty-



1 five billion dollars during the (~~entire current or~~) immediately  
2 preceding calendar year. A person who is primarily engaged within  
3 this state in the provision of commercial mobile service, as that  
4 term is defined in 47 U.S.C. Sec. 332(d)(1), shall not be considered  
5 a select advanced computing business. A person who is primarily  
6 engaged in this state in the operation and provision of access to  
7 transmission facilities and infrastructure that the person owns or  
8 leases for the transmission of voice, data, text, sound, and video  
9 using wired telecommunications networks shall not be considered a  
10 select advanced computing business.

11 (~~(5)~~) (2) The workforce education investment surcharge(~~(s)~~)  
12 under this section (~~(d)~~) does not apply to any hospital as defined  
13 in RCW 70.41.020, including any hospital that comes within the scope  
14 of chapter 71.12 RCW if the hospital is also licensed under chapter  
15 70.41 RCW.

16 (~~(6)~~) (3) Revenues from the surcharge(~~(s)~~) under this section  
17 must be deposited directly into the workforce education investment  
18 account established in RCW 43.79.195.

19 (~~(7)~~) (4) The department has the authority to determine through  
20 an audit or other investigation whether a person is subject to the  
21 surcharge(~~(s)~~) imposed in this section. (~~The department's~~  
22 ~~determination that a person is subject to the surcharge is presumed~~  
23 ~~to be correct unless the person shows by clear, cogent, and~~  
24 ~~convincing evidence that the department's determination was~~  
25 ~~incorrect. The increased evidentiary standard under this subsection~~  
26 ~~(7) does not apply after January 1, 2022.~~)

27 **Sec. 5.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each  
28 amended to read as follows:

29 (1) In computing the tax imposed under this chapter, a credit is  
30 allowed against the amount of tax otherwise due under this chapter,  
31 as provided in this section. Except for taxpayers that report at  
32 least fifty percent of their taxable amount under RCW 82.04.255,  
33 82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for  
34 a reporting period is (~~(thirty-five)~~) sixty dollars multiplied by the  
35 number of months in the reporting period, as determined under RCW  
36 82.32.045. For a taxpayer that reports at least fifty percent of its  
37 taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285,  
38 the maximum credit for a reporting period is (~~(seventy)~~) one hundred

1 twenty-five dollars multiplied by the number of months in the  
2 reporting period, as determined under RCW 82.32.045.

3 (2) When the amount of tax otherwise due under this chapter is  
4 equal to or less than the maximum credit, a credit is allowed equal  
5 to the amount of tax otherwise due under this chapter.

6 (3) When the amount of tax otherwise due under this chapter  
7 exceeds the maximum credit, a reduced credit is allowed equal to  
8 twice the maximum credit, minus the tax otherwise due under this  
9 chapter, but not less than zero.

10 (4) The department may prepare a tax credit table consisting of  
11 tax ranges using increments of no more than five dollars and a  
12 corresponding tax credit to be applied to those tax ranges. The table  
13 shall be prepared in such a manner that no taxpayer will owe a  
14 greater amount of tax by using the table than would be owed by  
15 performing the calculation under subsections (1) through (3) of this  
16 section. A table prepared by the department under this subsection  
17 must be used by all taxpayers in taking the credit provided in this  
18 section.

19 **Sec. 6.** RCW 82.32.045 and 2019 c 63 s 2 and 2019 c 8 s 302 are  
20 each reenacted and amended to read as follows:

21 (1) Except as otherwise provided in this chapter and subsection  
22 (6) of this section, payments of the taxes imposed under chapters  
23 82.04, 82.08, 82.12, 82.14, and 82.16 RCW, along with reports and  
24 returns on forms prescribed by the department, are due monthly within  
25 twenty-five days after the end of the month in which the taxable  
26 activities occur.

27 (2) The department of revenue may relieve any taxpayer or class  
28 of taxpayers from the obligation of remitting monthly and may require  
29 the return to cover other longer reporting periods, but in no event  
30 may returns be filed for a period greater than one year. Except as  
31 provided in subsection (3) of this section, for these taxpayers, tax  
32 payments are due on or before the last day of the month next  
33 succeeding the end of the period covered by the return.

34 (3) For annual filers, tax payments, along with reports and  
35 returns on forms prescribed by the department, are due on or before  
36 April 15th of the year immediately following the end of the period  
37 covered by the return.

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

4 (5) Notwithstanding subsections (1) and (2) of this section, the  
5 department may relieve any person of the requirement to file returns  
6 if the following conditions are met:

7 (a) The person's value of products, gross proceeds of sales, or  
8 gross income of the business, from all business activities taxable  
9 under chapter 82.04 RCW, is less than:

10 (i) (~~Twenty-eight~~) Fifty thousand dollars per year; or

11 (ii) (~~Forty-six~~) One hundred thousand (~~six hundred sixty-~~  
12 ~~seven~~) dollars per year for persons generating at least fifty  
13 percent of their taxable amount from activities taxable under RCW  
14 82.04.255, 82.04.290(2)(a), and 82.04.285;

15 (b) The person's gross income of the business from all activities  
16 taxable under chapter 82.16 RCW is less than twenty-four thousand  
17 dollars per year; and

18 (c) The person is not required to collect or pay to the  
19 department of revenue any other tax or fee which the department is  
20 authorized to collect.

21 (6)(a) Taxes imposed under chapter 82.08 or 82.12 RCW on taxable  
22 events that occur beginning January 1, 2019, through June 30, 2019,  
23 and payable by a consumer directly to the department are due, on  
24 returns prescribed by the department, by July 25, 2019.

25 (b) This subsection (6) does not apply to the reporting and  
26 payment of taxes imposed under chapters 82.08 and 82.12 RCW:

27 (i) On the retail sale or use of motor vehicles, vessels, or  
28 aircraft; or

29 (ii) By consumers who are engaged in business, unless the  
30 department has relieved the consumer of the requirement to file  
31 returns pursuant to subsection (5) of this section.

32 NEW SECTION. **Sec. 7.** If any provision of this act or its  
33 application to any person or circumstance is held invalid, the  
34 remainder of the act or the application of the provision to other  
35 persons or circumstances is not affected.

36 NEW SECTION. **Sec. 8.** The provisions of RCW 82.32.805 and  
37 82.32.808 do not apply to this act.

1        NEW SECTION.    **Sec. 9.**    (1) Except as otherwise provided in this  
2 section, this act is necessary for the immediate preservation of the  
3 public peace, health, or safety, or support of the state government  
4 and its existing public institutions, and takes effect immediately.

5        (2) Sections 1 through 3 of this act are necessary for the  
6 immediate preservation of the public peace, health, or safety, or  
7 support of the state government and its existing public institutions,  
8 and take effect April 1, 2020.

9        (3) Sections 5 and 6 of this act take effect January 1, 2021.

10       NEW SECTION.    **Sec. 10.**    Section 4 of this act applies both  
11 prospectively and retroactively to January 1, 2020.

12       NEW SECTION.    **Sec. 11.**    Section 3 of this act applies beginning  
13 with gross income of the business, as defined in RCW 82.04.080,  
14 received or accrued by taxpayers, on or after April 1, 2020.

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