

Updated Tax Preferences Repeal Summary

RCW 82.16.050

Removes deductions in computing PUT for amounts derived from:

- Transportation of commodities between in-state and out-of-state points where the carrier allows a stop in Washington for storage, manufacturing, or processing before continuing under a through freight rate from origin to destination.
- Transportation of commodities from in-state origins to an export facility on tidewater or its navigable tributaries, for direct shipment by vessel in their original form to interstate or foreign destinations.
- Transporting unprocessed agricultural commodities within the state—from their origin to interim storage facilities—for direct transshipment, without intervening transportation, to tidewater ports for export by vessel in original form, are deductible. If commodities are moved from interim storage to port storage, both facilities must be operated by the same agricultural commodity dealer.

RCW 82.04.260

Removes B&O tax preferences for:

- Nonprofit research and development.
- Travel agents/tour operators and whose annual taxable amount for the prior calendar year from such business was more than \$250,000.
- International steamship agents, international customs house brokers, international freight forwarders, vessel and/or cargo charter brokers in foreign commerce, and/or international air cargo agents.
- Stevedoring and associated activities pertinent to the movement of goods and commodities in waterborne interstate or foreign commerce.
- Insurance producers, title insurance agents, and surplus line brokers.

RCW 82.04.290

Removes B&O tax preferences for:

- International investment management services.

RCW 48.14.0201

Removes tax exemption for:

- Health care service contractors and health maintenance organizations receiving prepayments for dental services.

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Removes sales exemption for:

- Purchases of property used to create a chemical reaction in ferrosilicon production, when the ferrosilicon is later used to produce magnesium for sale.

RCW 82.04.110

Removes B&O tax preferences for:

- Aluminum master alloy producers.

RCW 82.04.120

Removes B&O tax preferences for:

- Packing agricultural products.

RCW 82.04.43395

Removes B&O tax preferences for:

- Payments received through the Sec. 1115 Medicaid demonstration project (No. 11-W-00304/0) for delivery system reform incentives, Medicaid transformation funding, or both, as approved by CMS under Sec. 1115(a) of the Social Security Act.

RCW 82.12.022

Removes use tax preferences for:

- Natural or manufactured gas delivered to the consumer by other means than through a pipeline.
- Natural or manufactured gas by an aluminum smelter.
- Natural or manufactured gas by a silicon smelter.

RCW 82.21.040

Removes hazardous substance tax exemption for:

- Alumina and natural gas.

RCW 82.23A.030

Removes petroleum products tax exemption for:

- Petroleum used prior to July 1, 1989.

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RCW 82.29A.130

Removes leasehold excise tax exemption for:

- Interests that give use or possession of state adult correctional facilities.

RCW 82.45.010

Removes excise tax exemption on real estate sales for:

- Transfer where REET previously paid or the lease or contract began prior to 1951.

RCW 82.45.030

Removes excise tax exemption on real estate sales for:

- Foreclosure relocation assistance

RCW 82.64.030

Removes syrup tax exemption for:

- Any sale of syrup in respect to which a tax on the privilege of possession.

RCW 84.36.010

Removes public-private and tribal property exemption for:

- All state route number 16 corridor transportation systems and facilities.

RCW 84.36.030

Removes personal property tax exemption for:

- Nonprofit student loan organizations.

The following acts or parts of acts are each repealed:

- RCW 82.04.4496 (Credit—Clean alternative fuel commercial vehicles)
- RCW 82.16.0496 (Credit—Clean alternative fuel commercial vehicles—Alternative fuel vehicle infrastructure)
- RCW 82.08.9999 (Exemptions—Vehicles using clean alternative fuels and electric vehicles)
- RCW 82.12.9999 (Exemptions—Vehicles using clean alternative fuels and electric vehicles)
- RCW 82.08.809 (Exemptions—Vehicles using clean alternative fuels and electric vehicles, exceptions—Quarterly transfers)

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- RCW 82.12.809 (Exemptions—Vehicles using clean alternative fuels and electric vehicles, exceptions—Quarterly transfers)
- RCW 82.04.062 ("Sale at wholesale," "sale at retail" excludes sale of precious metal bullion and monetized bullion—Computation of tax)
- RCW 82.16.0497 (Credit—Light and power business, gas distribution business)
- RCW 82.04.44525 (Credit—New employment for international service activities in eligible areas—Designation of census tracts for eligibility—Records—Tax due upon ineligibility—Interest assessment—Information from employment security department)
- RCW 82.08.02566 (Exemptions—Sales of tangible personal property incorporated in prototype for parts, auxiliary equipment, and aircraft modification—Limitations on yearly exemption)
- RCW 82.12.02566 (Exemptions—Use of tangible personal property incorporated in prototype for aircraft parts, auxiliary equipment, and aircraft modification—Limitations on yearly exemption)
- RCW 82.04.272 (Tax on warehousing and reselling prescription drugs)
- RCW 82.04.315 (Exemptions—International banking facilities)
- RCW 82.04.4292 (Deductions—Interest on investments or loans secured by mortgages or deeds of trust)
- RCW 82.04.293 (International investment management services—Definitions)
- RCW 82.04.29005 (Tax on loan interest—2012 2nd sp.s. c 6)
- RCW 82.16.046 (Exemptions—Operation of state route No. 16)
- RCW 82.29A.132 (Exemptions—Operation of state route No. 16)
- RCW 82.45.190 (Exemptions—State route No. 16 corridor transportation systems and facilities)
- RCW 82.08.02568 (Exemptions—Sales of carbon and similar substances that become an ingredient or component of anodes or cathodes used in producing aluminum for sale)
- RCW 82.12.02568 (Exemptions—Use of carbon and similar substances that become an ingredient or component of anodes or cathodes used in producing aluminum for sale)
- RCW 82.04.4482 (Credit—Sales of electricity or gas to an aluminum smelter)
- RCW 82.16.0498 (Credit—Sales of electricity or gas to an aluminum smelter)
- RCW 82.12.0265 (Exemptions—Use by bailee of tangible personal property consumed in research, development, etc., activities)
- RCW 36.100.090 (Tax deferral—New public facilities)
- RCW 82.12.024 (Deferral of use tax on certain users of natural or manufactured gas)

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- RCW 82.04.545 (Exemptions—Sales of electricity or gas to silicon smelters)
- RCW 82.16.315 (Exemptions—Sales of electricity or gas to silicon smelters)
- RCW 82.16.0495 (Credit—Electricity sold to a direct service industrial customer)
- RCW 36.102.070 (Deferral of taxes—Application by public stadium authority—Department of revenue approval—Repayment—Schedules—Interest—Debt for taxes—Information not confidential)
- RCW 82.08.02569 (Exemptions—Sales of tangible personal property related to a building or structure that is an integral part of a laser interferometer gravitational wave observatory)
- RCW 82.12.02569 (Exemptions—Use of tangible personal property related to a building or structure that is an integral part of a laser interferometer gravitational wave observatory)
- RCW 82.04.421 (Exemptions—Out-of-state membership sales in discount programs)
- RCW 82.04.4331 (Deductions—Insurance claims for state health care coverage)
- RCW 82.04.4295 (Deductions—Manufacturing activities completed outside the United States)
- RCW 82.04.447 (Credit—Natural or manufactured gas purchased by direct service industrial customers—Reports)
- RCW 82.04.4332 (Deductions—Tuition fees of foreign degree-granting institutions)
- RCW 82.29A.137 (Exemptions—Certain leasehold interests 12 related to the manufacture of superefficient airplanes)
- (39) RCW 82.04.434 (Credit—Public safety standards and testing)

Modifies the aircraft excise tax for the purpose of the commuter air carrier airplanes property tax exemption:

| Gross maximum take-off weight of the aircraft | Registration fee |
|---|-------------------------------------|
| Less than 4,001 lbs. | (\$500) <u>\$750</u> |
| 4,001-6,000 lbs. | (\$1,000) <u>\$1,500</u> |
| 6,001-8,000 lbs. | (\$2,000) <u>\$3,000</u> |
| 8,001-9,000 lbs. | (\$3,000) <u>\$4,500</u> |
| 9,001-12,500 lbs. | (\$4,000) <u>\$6,000</u> |

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RCW 82.62.030

Updates the tax credit for businesses creating new jobs in eligible projects. The credit is now \$6,000 per job for positions with wages and benefits over \$60,000 annually and \$3,000 per job for positions at or below \$60,000 annually. Wage thresholds will be adjusted annually for inflation. The total annual cap on credits remains at \$7.5 million, with unused credits rolling over to the next fiscal year if space is available. Credits cannot be used to decertify unions or displace existing jobs, and they expire six years after the last claimed use. Refunds for unused credits are not allowed.

RCW 82.85.010

Updates the job creation and economic development invest incentive pilot program requirements to include that half of the at least 20 full-time jobs must be permanent full-time employment positions.

Clarifies the public policy objectives for the following tax preferences:

- Nonprofit hospitals for the sick and nonprofit cancer clinics or centers.
- Aerospace industry preferences:
 - stevedoring and associated activities
 - manufacturing preproduction development expenditures
 - federal aviation regulation part 145 certificated repair station
 - preproduction development expenditures
 - property and leasehold taxes paid on property used for manufacture of commercial airplanes
 - computer parts and software related to the manufacture of commercial airplanes
 - certain leasehold interests related to the manufacture of superefficient airplanes
 - commercial aircraft loan interest and fees
 - providing intrastate air transportation by a commuter air carrier
 - Aircraft owned and operated by a commuter air carrier
- Nonprofit kidney dialysis centers

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RCW 82.16.020

Clarifies that the PUT applies to the in-state portion of interstate activity. Authorizes DOR to establish rules for apportioning or allocating gross income from these activities.