

SB 6346 -- Redline

Substitute to Bill -- Establishing a tax on millionaires.

Deletions ~~struck~~ · Insertions underlined

~~ENGROSSED~~~~S-3846.8~~ ~~SUBSTITUTE~~ SENATE BILL 6346 State of Washington 69th Legislature 2026 Regular Session By ~~Senate Ways & Means (originally sponsored by~~ Senators Pedersen, Chapman, Frame, Bateman, Orwall, Slatter, Alvarado, Hunt, Lovelett, Riccelli, Shewmake, Valdez, Wellman, Hasegawa, Robinson, Lovick, Conway, Trudeau, Cleveland, Kauffman, C.

Wilson, Dhingra, Stanford, Nobles, Saldana, ~~Salomon, and Cortes~~)Salomon ~~READ~~Read ~~FIRST~~first ~~TIME~~time ~~02/09/26~~02/04/26.

Referred to Committee on Ways & Means.

amending RCW 82.32.050, 82.32.060, 82.32.090, 2.10.180, 2.12.090, ~~2.14.100~~, 6.15.020, 41.24.240, 41.32.052, 41.34.080, 41.35.100, ~~41.37.090~~, 41.40.052, 41.44.240, 41.26.053, 43.43.310, 82.08.0206, 82.04.4451, 82.32.045, 82.04.288, ~~82.04.050~~, ~~82.04.102~~, and 1.90.100;

providing an effective ~~dates;~~date;

1 ~~ESSB~~SB 6346 (2) These general fund dollars help the state meet its paramount duty to make ample provision for the education of all children in the state, including children who qualify for special education services, creating the opportunity for each child to succeed in school and achieve success in life.

2 ~~ESSB~~SB 6346 to receive an average federal tax break of \$90,850 while Washington's lowest-income households are set to receive a mere \$200.

3 ~~ESSB~~SB 6346 resulting in a final amount called "Washington adjusted taxable income";

~~(13) The legislature finds that, in 2024, Washington counties were responsible for more than 90 percent of the costs associated with public defense in the state, creating a system of legal representation that varies greatly depending on where a person lives in Washington state.~~

~~While fully funding public defense is not the responsibility of the state, the state is responsible under the United States Constitution for ensuring the protection of the right to counsel for all defendants.~~

~~Furthermore, the Washington state supreme court's decision to modify caseload standards in 2025 will significantly increase the overall cost of providing public defense in Washington state.~~

~~Through the creation and funding of the local government public defense stabilization account, the legislature intends to provide funding to help counties meet their obligations.~~

(5) "Internal revenue code" means the United States internal revenue code of 1986, as amended and in effect on January 1, ~~2026~~2026, or such subsequent date as the department may provide by rule consistent with the purpose of this chapter.

(7) "Pass-through entity" means a ~~partnership,~~disregarded limited entity liability ~~for company,~~for company, ~~federal or tax~~ purposes, ~~corporation,~~such which ~~reports a~~out ~~partnership,~~the ~~limited distributive liability~~share ~~company,~~ p- ~~or S corporation.~~

~~4 ESSB 6346 of taxable income to its partners, members, or shareholders for federal income tax purposes. "Pass-through entity" also includes any disregarded entity for federal tax purposes.~~

~~(b) p. For purposes of this subsection, "day" means a calendar day or any portion of a calendar day.~~

4 SB 6346 (b) For purposes of this subsection, "day" means a calendar day or any portion of a calendar day.

(9) "Taxable year" means the taxpayer's taxable year as defined under section ~~7701(a)(23)~~7701 (a)(23) of the internal revenue code.

(11) "Washington base income" means federal adjusted gross income as modified under sections 302 through ~~307~~306 and 401 through ~~407~~406 of this act.

(12) "Washington taxable income" means Washington base income as further modified by sections ~~308~~307 through ~~311~~309 of this act.

(1) Beginning January 1, 2028, a tax is imposed on the receipt of Washington taxable ~~p-~~income.

~~5 ESSB 6346 income.~~

(2) If an individual's Washington taxable income is less than zero for a taxable year, no tax is due under this section and no amount is allowed as a carryover for use in the calculation of that individual's Washington taxable ~~income~~income, for any taxable year.

To the extent that a loss carryforward is included in an individual's ~~federal~~-adjusted gross income and the loss carryforward is derived from or connected with sources in this state, the loss carryforward is included in the calculation of that individual's Washington taxable income.

~~NEW p. SECTION.~~

5 SB 6346 NEW SECTION.

(a) ~~Seven~~Five percent to the ~~local county government~~ public defense funding stabilization account created in section 711 of this act;

CREDIT FOR INCOME TAXES DUE ~~TO~~ ANOTHER JURISDICTION.

(a) The credit is allowed only for taxes paid ~~by the individual, or a pass-through entity in which the individual is an owner,~~ to the other jurisdiction on net income from sources within that jurisdiction that is included in the individual's Washington base income;

or ~~p.~~(ii) The amount of tax due under this chapter before application of credits allowable by this chapter, multiplied by a fraction.

~~6 ESSB 6346 (ii) The amount of tax due under this chapter before application of credits allowable by this chapter, multiplied by a fraction.~~

(2) ~~If~~If, instead of a credit similar to the credit allowed under subsection (1) of this section, the laws of the other taxing jurisdiction contain a provision exempting a resident of this state from liability for the payment of income taxes on income earned for personal services performed in such jurisdiction, then the department may enter into a reciprocal agreement with such jurisdiction providing a similar tax exemption on income earned for personal services performed in this state.

~~(3) p. The credit claimed under this section for a taxable year may not exceed the tax otherwise due under this chapter for that taxable year.~~

~~Unused~~6 credit~~SB may~~6346 not~~NEW be~~SECTION. carried forward or backward to another taxable year.
~~No refunds may be granted for unused credit under this section.~~

~~(4) For purposes of this section, "state" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.~~

~~NEW SECTION.~~

(2) The credit under this section is earned in regard to income reportable for federal income tax purposes and may be claimed against taxes due under this chapter, for the ~~taxable tax year~~reporting period in which the income is reportable for federal income tax purposes.

The credit claimed for a ~~taxable tax year~~reporting period may not exceed the tax otherwise due under this chapter for that ~~taxable tax year, reporting period.~~

~~p.~~NEW SECTION.

~~7 ESSB 6346 NEW SECTION.~~

~~(1)~~ Beginning in tax year 2028 with taxes due in 2029, a nonrefundable credit is allowed against taxes due under this chapter for the amount of tax imposed on Washington capital gains for the same tax year.

~~(2) The credit claimed under this section for a taxable year may not exceed the tax otherwise due under this chapter for that taxable year.~~

~~Unused credit may not be carried forward or backward to another taxable year.~~

~~No refunds may be granted for unused credit under this section.~~

~~(1)~~ Beginning in tax year 2028 for taxes due in 2029, a ~~nonrefundable~~ credit is allowed against taxes due under this chapter for the amount of the tax expense incurred by a pass-through entity under section 502 of this act attributable to the owner as provided in section 502(3) of this act.

~~(2) NEW The SECTION. credit claimed under this section for a taxable year may not exceed the tax otherwise due under this chapter for that taxable year.~~

~~Unused~~Sec. ~~credit may not be carried forward or backward to another taxable year.~~

~~No~~207. ~~refunds may be granted for unused credit under this section.~~

CARRYFORWARDS AND CARRYBACKS.

The amount of tax credits received by any taxpayer under sections 203 through 206 of this act may not exceed the total amount of tax due for that p.

7 SB 6346 reporting period, and no carryback or carryforward of any unused excess credits is allowed.

In computing Washington base income for a taxable year, modifications must be made to the taxpayer's federal adjusted gross income as required under sections 302 through ~~307~~306 and 401 through ~~407~~406 of this act, unless the modification has the effect of duplicating an item of income or deduction.

~~If NEW an SECTION. item of income is excluded from federal adjusted gross income, including income derived directly from treaty-protected tribal rights, it is excluded from the tax under this chapter unless specifically included as provided in sections 302 through 307 of this act.~~

~~p.~~

~~8 ESSB 6346 NEW SECTION.~~

(3) After making the modifications required under subsections (1) and (2) of this section, in computing a taxpayer's Washington base income, a taxpayer must add to the taxpayer's federal adjusted gross income the amount of Washington capital gains subject to tax under chapter 82.87 RCW for the same taxable year, plus the ~~amount~~amounts deducted under RCW ~~82.87.060(1), 82.87.060 (1) and (4).~~

~~NEW~~p. ~~SECTION.~~

8 SB 6346 NEW SECTION.

STATE AND LOCAL INCOME ~~TAXES~~~~TAXES--BUSINESS~~ ~~BUSINESS~~ AND OCCUPATION AND PUBLIC UTILITY TAXES.

In computing a taxpayer's Washington base income, the taxpayer must add to the taxpayer's federal adjusted gross income, any amounts that have been deducted in p-computing federal adjusted gross income to the extent the amounts have been carried over from taxable years ending before the effective date of this section.

~~9 ESSB 6346 computing federal adjusted gross income to the extent the amounts have been carried over from taxable years ending before the effective date of this section.~~

~~INCOMPLETE NONGRANTOR TRUSTS FOR WASHINGTON RESIDENTS.~~

~~In computing a resident taxpayer's Washington base income, the taxpayer must add to the taxpayer's federal adjusted gross income, all income from a trust treated as a nongrantor trust for federal income tax purposes but funded with an incomplete gift for purposes of section 2511 of the internal revenue code and its accompanying regulations, to the extent the trust income is not otherwise included in the calculation of Washington base income.~~

~~NEW SECTION.~~

~~Sec.~~

~~308.~~

In determining a taxpayer's Washington taxable income, the taxpayer may deduct from their Washington base income the amount of charitable contributions they claimed for the taxable year under section 170 of the internal revenue code, up to a maximum deduction of ~~\$100,000~~\$50,000 per individual, or in the case of spouses or domestic partners, their combined charitable deduction is limited to ~~\$100,000~~\$50,000, regardless of whether they file joint or separate returns.

~~309.~~308.

In computing a taxpayer's Washington taxable income, the taxpayer must add to the taxpayer's Washington base income the taxpayer's distributive~~p. share of the tax expense incurred by a pass-through entity under section 502 of this act to the extent the expense has been deducted in calculating the taxpayer's federal adjusted gross income.~~

p-9 SB 6346 distributive share of the tax expense incurred by a pass-through entity under section 502 of this act to the extent the expense has been deducted in calculating the taxpayer's federal adjusted gross income.

~~10 ESSB 6346 NEW SECTION.~~

~~Sec.~~

~~310.~~

~~CAPITAL CONSTRUCTION FUND FOR VESSEL IMPROVEMENTS OR ACQUISITION.~~

~~In determining a taxpayer's Washington taxable income, the taxpayer may deduct from the taxpayer's Washington base income the amount deposited in a capital construction fund under section 7518 of the internal revenue code if the amount has reduced the taxpayer's federal taxable income for the taxable year.~~

~~311.~~309.

In computing a taxpayer's Washington taxable income, a taxpayer may deduct from the taxpayer's Washington base income a standard deduction of \$1,000,000 per individual, or in the case of spouses or ~~state registered~~ domestic partners, their combined standard deduction is limited to \$1,000,000, regardless of whether they file joint or separate returns.

The amount of the standard deduction must be annually adjusted pursuant to section ~~313~~311 of this act.

The standard deduction must be adjusted for nonresidents as provided in section ~~312~~310 of this act.

~~312.~~310.

The deduction from Washington base income allowed under section ~~314~~309 of this act for individual taxpayers who are not residents of this state for the entire taxable year must be reduced by multiplying the amount of the deduction by a fraction.

~~313.~~311.

(1) Beginning October 2029 and each October thereafter, the department must adjust the standard deduction under section ~~314~~309 of this act by multiplying the current standard deduction amount by one plus the percentage by which the most current consumer price index available on October 1st of the current year exceeds the consumer price index for the prior 12-month period, and rounding the result to the nearest \$1,000.

The department must publish the adjusted standard deduction amount on its public website by October 31st of p-each year.

~~11 ESSB 6346 each year.~~

~~(2)p. For purposes of this section, the following definitions apply:~~

10 SB 6346 (2) For purposes of this section, the following definitions apply:

(d) Amounts attributable to any business, trade, profession, or occupation carried on within this state, ~~including an individual's distributive share of income from a pass-through entity operating within this state as provided in section 402 of this act,~~ to the extent determined under section 405 of this act;

(e) ~~Rents, The short-term individual's gains, distributive and share other of amounts income attributable from to a the pass- ownership through or entity disposition operating of within any this interest state in as real provided or in tangible section personal 402 property of in this state; act;~~

and (f) ~~Income Rents, from gains, intangible and personal other property, amounts including attributable annuities, to dividends, the interest, ownership and or gains from the disposition of intangible any personal interest property, in to real the or extent tangible that the intangible personal property was employed in a business, trade, profession, or occupation carried on within this state, state;~~

~~p-~~ and (g) Income from intangible personal property, including annuities, dividends, interest, and gains from the disposition of intangible personal property, to the extent that the intangible personal property was employed in a business, trade, profession, or occupation carried on within this state.

~~12 ESSB 6346 (3) Deductible expenses, capital losses, and net operating losses of a nonresident are based solely on income, gains, losses, and deductible p. expenses derived from or connected with sources in this state but are otherwise determined in the same manner as the corresponding federal deductions except as provided in this chapter.~~

11 SB 6346 deductible expenses derived from or connected with sources in this state but are otherwise determined in the same manner as the corresponding federal deductions except as provided in this chapter.

(2) The ~~allowable tax modifications due and credits~~ under this chapter for partners, members, or shareholders of a pass-through entity are computed by including a pro rata share of the Washington base income and the credits allowed under sections 203 through 205 of this act, if the modification or credit relates to the income of the ~~pass-pass-through-through~~ entity.

Each member's, partner's, or shareholder's pro rata share of a modification or credit is the amount of modification or credit ~~based multiplied only the pro rata share of net income or loss on a member's, fraction. partner's, or shareholder's federal schedule K-1 form.~~

~~(3) The For numerator purposes of this the section, fraction "pro is rata share" means pro rata share as reflected on the member's, partner's, or shareholder's federal distributive schedule share K-1 of form. pass- through income.~~

The denominator of the fraction is the total income of the pass-through entity.

The fraction may never be greater than one.

(3) The following definitions apply throughout this section.

(a) "Pass-through income" includes both distributed and undistributed federal taxable income of the pass-through entity.

(b) "Pro rata share" means pro rata share as reflected on the member's, partner's, or shareholder's federal schedule K-1 form.

If services are ~~performed both within and outside the state, the compensation must be apportioned based on the ratio of days worked in the state to total p.~~

~~13 12 ESSB SB 6346 performed both within and outside the state, the compensation must be apportioned based on the ratio of days worked in the state to total days worked, or by another reasonable method approved by the department.~~

(b) ~~"Employment" "Employer" means personal any service, individual of for whatever type nature, of as organization, known including to the common law or any other partnership, legal association, relationship trust, performed estate, for joint an stock employer company, by insurance an company, individual limited for liability compensation company, or under corporation, any whether contract domestic calling or for foreign, or the performance receiver, of trustee personal in services, bankruptcy, written trustee, or oral, the express legal or representative implied, of where a the deceased employer person, is having subject any to person tax in under employment RCW or, 50.24.010 having on become any an portion employer, of has compensation not paid ceased by the employer to the be individual an for employer the as performance provided of in the this personal chapter. services.~~

(c) "Employment" means personal service, of whatever nature, as known to the common law or any other legal relationship performed for an employer by an individual for compensation or under any contract calling for the performance of personal services, written or oral, express or implied, where the employer is subject to tax under RCW 50.24.010 on any portion of compensation paid by the employer to the individual for the performance of the personal services.

(b) Notwithstanding the description of the portion of compensation subject to apportionment to the state of Washington under this subsection, the department may provide by rule alternative methodologies for determining the portion of compensation subject to ~~apportionment p. to the state of Washington that the department determines to be fair and equitable.~~

13 SB 6346 apportionment to the state of Washington that the department determines to be fair and equitable.

~~p-(i) The total amount of compensation paid during the year to the members of the professional athletic team for which the report is being made;~~

~~14 ESSB 6346 (i) The total amount of compensation paid during the year to the members of the professional athletic team for which the report is being made;~~

~~NEW p. SECTION.~~

14 SB 6346 NEW SECTION.

(1) The portion of federal adjusted gross income of a nonresident derived from or connected with a business, trade, or profession carried on in this state, including ~~a sole proprietorship and~~ any distributive share of a pass-through entity of a business, trade, or profession carried on in this state, must be apportioned and allocated as provided in this section.

p-(2) Income from a business, trade, or profession carried on in this state, including any distributive share of a pass-through entity of a business, trade, or profession carried on in this state, must be classified as either apportionable income or nonapportionable income.

~~15 ESSB 6346 (2) Income from a business, trade, or profession carried on in this state, including any distributive share of a pass-through entity of a business, trade, or profession carried on in this state, must be classified as either apportionable income or nonapportionable income.~~

~~(I)p. That is rented, leased, or licensed, if and to the extent the property is used in this state, provided that intangible property used in marketing a good or service to a consumer is "used in this state" if that good or service is purchased by a consumer who is in this state;~~

15 SB 6346 (I) That is rented, leased, or licensed, if and to the extent the property is used in this state, provided that intangible property used in marketing a good or service to a consumer is "used in this state" if that good or service is purchased by a consumer who is in this state;

(1) A contract right, government license, or similar intangible property that authorizes the holder to conduct a business activity in ~~p-a specific geographic area is "used in this state" if the geographic area includes all or part of this state;~~

~~16 ESSB 6346 a specific geographic area is "used in this state" if the geographic area includes all or part of this state;~~

(b) If the allocation and apportionment provisions of this section do not fairly represent the extent of business activity in this state for taxpayers engaged in a particular industry or in a ~~particular p. transaction or activity, the department may, in addition to the authority provided in (a) of this subsection (4), adopt rules for determining alternative allocation and apportionment methods for such taxpayers.~~

16 SB 6346 particular transaction or activity, the department may, in addition to the authority provided in (a) of this subsection (4), adopt rules for determining alternative allocation and apportionment methods for such taxpayers.

(c)(i) The party petitioning for, or the department requiring, the use of any method to effectuate an equitable allocation and ~~p-apportionment of the taxpayer's income pursuant to (a) of this subsection (4) must prove by clear and convincing evidence:~~

~~17 ESSB 6346 apportionment of the taxpayer's income pursuant to (a) of this subsection (4) must prove by clear and convincing evidence:~~

(5) Rents and royalties from real or tangible personal property, capital gains, interest, dividends, or patent or copyright royalties, ~~top. the extent that they constitute nonapportionable income, must be allocated as provided in subsections (6) through (9) of this section.~~

17 SB 6346 to the extent that they constitute nonapportionable income, must be allocated as provided in subsections (6) through (9) of this section.

p-(c) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year.

~~18 ESSB 6346 (c) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year.~~

(7)(a) ~~Short-termCapital-capital~~ gains and losses from sales of real property located in this state are allocable to this state.

(b) ~~Short-termCapital-capital~~ gains and losses from sales of tangible personal property are allocable to this state if:

(c) ~~Short-termCapital-capital~~ gains and losses from sales of intangible personal property are allocable to this state if the taxpayer's commercial domicile is in this state.

~~(b)p. A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state.~~

18 SB 6346 (b) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state.

If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of ~~p. utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.~~

~~10 ESSB 6346 utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.~~

(e) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or ~~possessionp. of the United States, and any foreign country or political subdivision thereof.~~

19 SB 6346 possession of the United States, and any foreign country or political subdivision thereof.

and ~~p. (b) For the portion of the year in which the taxpayer was a nonresident, the taxpayer's adjusted gross income derived from sources within this state, as provided in sections 403 through 405 of this act.~~

~~20 ESSB 6346 (b) For the portion of the year in which the taxpayer was a nonresident, the taxpayer's adjusted gross income derived from sources within this state, as provided in sections 403 through 405 and 407 of this act.~~

and (b) The total amount of the item that is taken into account in federal adjusted gross income and that is derived from or connected with sources within this state, as determined under sections 403 through 405 ~~and 407~~ of this act, multiplied by the ratio of the number of days the taxpayer was a nonresident of Washington during the tax year of the entity over the total number of days in the tax year of the entity.

~~(2)p. The portion of adjusted gross income of a nonresident student athlete derived from payments by an institution of higher education representing a percentage of institutional athletic revenues shall be apportioned to Washington in a form and manner consistent with a duty-day methodology.~~

20 SB 6346 (2) The portion of adjusted gross income of a nonresident student athlete derived from payments by an institution of higher education representing a percentage of institutional athletic revenues shall be apportioned to Washington in a form and manner consistent with a duty-day methodology.

~~p. (b) "Name, image, or likeness" means an individual's readily identifiable name, voice, signature, photograph, or likeness.~~

~~21 ESSB 6346 (b) "Name, image, or likeness" means an individual's readily identifiable name, voice, signature, photograph, or likeness.~~

(1) Each individual ~~with subject anto estimated taxation tax by under this chapter in excess of \$5,000~~ that is required by the internal revenue code to make payment of estimated taxes must pay to the department on forms prescribed by the department the estimated taxes due under this chapter.

(3) ~~EstimatedThe tax amount payments of are the not estimated required tax under is this the section annualized if tax divided by the annualized number estimated of tax months is in less than reporting \$5,000 period.~~
~~RCW No 82.32.090 estimated applies tax to is under payments sp. of estimated tax.~~

~~(4) 21 For SB purposes 6346 of due this if section, the annualized estimated tax is the less taxpayer's than projected \$5,000. tax liability for the tax year as computed pursuant to section 6654 of the internal revenue code and the regulations thereunder.~~

RCW 82.32.050 and 82.32.090 apply to underpayments of estimated tax unless the estimated tax remitted to the department is either at least 90 percent of the tax shown on the return required under section 702(1) of this act or 100 percent of the tax shown on the previous year's tax return.

(4) For purposes of this section, the annualized tax is the taxpayer's projected tax liability for the tax year as computed pursuant to internal revenue code section 6654 and the regulations thereunder.

~~p. NEW SECTION.~~

~~22 ESSB 6346 NEW SECTION.~~

(2)(a) A pass-through entity may elect to be subject to the tax imposed under this section by filing an election with the department on or before the due date prescribed by the department for making such election, but no later than ~~June April 15th 15th. of the taxable year.~~

~~(d) An election may exclude owners who choose not to participate.~~

~~At the time of election, the pass-through entity must identify the participating and nonparticipating owners.~~

(i) The entire distributive share of income, gain, loss, and deduction attributable to ~~participating~~ resident owners, regardless of source;

and (ii) The state source distributive share of income, gain, loss, and deduction attributable to

~~participating nonresident owners.~~

~~(c)p. Guaranteed payments, separately stated items, and investment income is included in taxable income to the same extent these items would be included in a participating owner's individual Washington base income under this chapter.~~

22 SB 6346 (c) Guaranteed payments, separately stated items, and investment income is included in taxable income to the same extent these items would be included in an owner's individual Washington taxable income under this chapter.

~~p. (d) Estimated tax payments are not required under this subsection before July 1, 2029.~~

23 (5)(a) ESSB Each 6346 owner (d) of Estimated an electing entity is allowed a credit against the tax payments imposed are under not this required section equal to the owner's proportionate share of the tax paid by the electing entity under this subsection section before as July provided 1, in 2020, section 206 of this act.

~~(5)(a)(b) Each Resident participating owners owner shall of include an in electing their entity Washington is taxable allowed income at their credit full against distributive the share tax of imposed the under electing this entity's section income, equal gains, to losses, the and owner's deductions proportionate and share shall of claim the tax credit paid allowed by the electing entity under this chapter as provided in section 206 of this act.~~

(b)(c) Participating Nonresident resident owners shall include in their Washington base taxable income their full distributive share of the electing entity's income, gains, losses, and deductions as allocated and apportioned under section 405 of this act and shall claim the credit allowed under section 206 of this act.

~~(c) Participating nonresident owners shall include in their Washington base income their distributive share of the electing entity's income, gains, losses, and deductions as allocated and apportioned under section 405 of this act and shall claim the credit allowed under section 206 of this act.~~

~~(d) Participating part-year resident owners shall include in their Washington base income their distributive share of the electing entity's income, gains, losses, and deductions, and claim the credit allowed under section 206 of this act, in the manner required under (a) and (b) of this subsection for the portion of the year in which the participating owner was a resident and nonresident, respectively.~~

~~(a)p. "Distributive share" means the owner's share of income, gain, loss, or deduction as determined under the entity's governing documents and federal income tax law.~~

23 SB 6346 (a) "Distributive share" means the owner's share of income, gain, loss, or deduction as determined under the entity's governing documents and federal income tax law.

~~p. (d) "Owner" means a partner, member, or shareholder of a pass-through entity.~~

~~24 ESSB 6346 (d) "Owner" means a partner, member, or shareholder of a pass-through entity.~~

(2) Any person required to collect tax imposed under this chapter who knowingly fails to pay truthfully tax, account make for returns, or supply pay information, over as the required tax under this chapter, is guilty of a gross class misdemeanor C felony as provided in chapter 9A.20 RCW.

(3) Any person who knowingly fails to pay tax, pay estimated tax, make returns, or supply information, as required under this chapter, is guilty of a gross misdemeanor as provided in chapter 9A.20 RCW.

~~(2)p. If a person's method of accounting is changed for federal income tax purposes, it must be similarly changed for purposes of this chapter.~~

24 SB 6346 (2) If a person's method of accounting is changed for federal income tax purposes, it must be similarly changed for purposes of this chapter.

p. (b)(i) Except as provided in (b)(ii) of this subsection (1), returns and all supporting documents must be filed electronically using the department's online tax filing service or other method of electronic reporting as the department may authorize.

~~25 ESSB 6346 (b)(i) Except as provided in (b)(ii) of this subsection (1), returns and all supporting documents must be filed electronically using the department's online tax filing service or other method of electronic reporting as the department may authorize.~~

and (ii) Any information information, returns returns, and federal tax documents received by the taxpayer that directly relate to the taxpayer's federal adjusted gross income including, but not limited to, form W-2, form 1099-INT, form 1099-DIV, form 1099-NEC, form 1099-MISC, form 1099-B, schedule K-1 (form 1065), and schedule K-1 (form 1120-S).

~~(d) The department may prescribe by rule additional Washington specific reporting or verification requirements under this subsection (2), such as a Washington schedule K-1 form, to substantiate an individual's Washington base income.~~

The tax must be paid by electronic funds transfer as defined in RCW 82.32.085 or by other forms p. of electronic payment as may be authorized by the department.

25 SB 6346 forms of electronic payment as may be authorized by the department.

(4) If a taxpayer has obtained an extension of time for filing the federal income tax return for the taxable year, year and the taxpayer provides the department, on or before the date fixed for the filing

of the return, regardless of any filing extension, evidence satisfactory to the department confirming the federal extension, the taxpayer is p-entitled to the same extension of time for filing the return required under this section.

~~26 ESSB 6346 entitled to the same extension of time for filing the return required under this section.~~

(5)(a) If any return due under subsection (1) of this section, along with a copy of the federal income tax return, is not filed with the department by the due date or any extension granted by the department, the department must assess a penalty in the amount of five percent of the ~~unpaid tax due, as of the due date~~ for the ~~return, for the~~ taxable year covered by the return for each full month or portion of a month that the return remains unfiled.

The total penalty assessed under this subsection may not exceed 25 percent of the ~~unpaid tax due, as of the due date for the return~~, for the taxable year covered by the delinquent return.

~~(a)p. A taxpayer requests a waiver of penalty for a payment required under this section;~~

26 SB 6346 (a) A taxpayer requests a waiver of penalty for a payment required under this section;

(7)(a) In the event a taxpayer's federal income tax return is changed in a manner that is final after their return required under ~~p-subsection (1) of this section is filed with the department and the taxpayer's federal income tax return is changed in a manner that impacts either the calculation of their Washington adjusted gross income or their tax liability under this chapter, or both, the taxpayer must amend the taxpayer's return due under subsection (1) of this section for the same tax year in which their federal income tax return is changed.~~

~~27 ESSB 6346 subsection (1) of this section is filed with the department and the taxpayer's federal income tax return is changed in a manner that impacts either the calculation of their Washington adjusted gross income or their tax liability under this chapter, or both, the taxpayer must amend the taxpayer's return due under subsection (1) of this section for the same tax year in which their federal income tax return is changed.~~

(8)(a) No assessment or correction of an assessment for additional taxes, penalties, or interest due may be made by the ~~departmentp. more than four years after the year in which a return is filed under subsection (1) of this section except:~~

27 SB 6346 department more than four years after the year in which a return is filed under subsection (1) of this section except:

(b) In the event the statute of limitations is extended under (a)(i) of this subsection, no assessment or correction of an assessment for additional taxes, penalties, or interest due may be ~~p-made by the department more than four years after the year in which an amended return is filed with the department as required under subsection (7) of this section.~~

~~28 ESSB 6346 made by the department more than four years after the year in which an amended return is filed with the department as required under subsection (7) of this section.~~

~~(9) If the federal government extends the due date for filing a tax return, paying tax, or both, by reason of natural disaster or other occurrence, the corresponding deadlines under this section shall be adjusted in the same manner.~~

(a) The spouse ~~or state registered domestic partner~~ is relieved of liability for federal tax purposes as provided under ~~sections26 66U.S.C. or 6015 of the internal revenue code;~~

~~orSec. (b) Regardless of whether the spouse or state registered domestic partner qualifies for relief as provided under (a) of this subsection (3), the department determines that the spouse or state registered domestic partner qualifies for relief as provided by rule of the department in a manner consistent with sections 66 or 6015 of the internal revenue code.~~

~~(4)(a)6015 Unless the context clearly indicates otherwise, individuals who are spouses or state registered domestic partners are not considered separate taxpayers for the purposes of this chapter regardless of whether they file a joint or separate return for the taxinternal imposedrevenue undercode; this chapter.~~

or (b) The activitiesdepartment anddetermines assets that the state registered domestic partner qualifies for relief as provided by rule of eachthe p-department.

~~29Such ESSRule, 6346to spouse or state registered domestic partner are combined as if they were one individual for the purposesextent ofpossible determiningwithout thebeing applicabilityinconsistent ofwith anythis thresholdchapter, amounts,must caps,follow deductions,26 credits,U.S.C.-or any other amounts related to the activities or assets of an individual throughout this chapter.~~

~~(b)Sec. When an individual does not file a joint return for the tax imposed under this chapter, both spouses or state registered domestic partners must allocate between themselves their respective share of the marital community's or domestic partnership's income, gains, losses, deductions, and credits in a manner consistent with the community property laws of this state and the applicable provisions of the internal revenue code, and its accompanying regulations, addressing taxpayers domiciled in community property jurisdictions.~~

6015.

(4)(a) Unless the context clearly indicates otherwise, individuals who are spouses or state registered

domestic partners are p.

28 SB 6346 not considered separate taxpayers for the purposes of this chapter regardless of whether they file a joint or separate return for the tax imposed under this chapter.

The activities and assets of each spouse or state registered domestic partner are combined as if they were one individual for the purposes of determining the applicability of any threshold amounts, caps, deductions, credits, or any other amounts related to the activities or assets of an individual throughout this chapter.

(b)(i) Except as provided in (b)(ii) of this subsection (4), when an individual does not file a joint return for the tax imposed under this chapter, both spouses or state registered domestic partners must allocate between themselves their respective share of the marital community's or domestic partnership's assets and activity.

The allocation must be reported to the department on any returns required to be filed pursuant to this chapter in a manner prescribed by the department.

(ii) If both spouses or state registered domestic partners cannot agree on an allocation of assets and activity as authorized under (b)(i) of this subsection (4), each spouse is limited to one-half of the total assets and activities of their marital community or domestic partnership.

~~(a)p. For tax liabilities arising before January 1, 1992, interest shall be computed at the rate of nine percent per annum from the last day of the year in which the deficiency is incurred until the earlier of December 31, 1998, or the date of payment.~~

29 SB 6346 (a) For tax liabilities arising before January 1, 1992, interest shall be computed at the rate of nine percent per annum from the last day of the year in which the deficiency is incurred until the earlier of December 31, 1998, or the date of payment.

~~p.(b) For tax liabilities arising after December 31, 1991, the rate of interest shall be variable and computed as provided in subsection (2) of this section from the last day of the year in which the deficiency is incurred until the date of payment.~~

~~30 ESSB 6346 (b) For tax liabilities arising after December 31, 1991, the rate of interest shall be variable and computed as provided in subsection (2) of this section from the last day of the year in which the deficiency is incurred until the date of payment.~~

~~The p. rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.~~

30 SB 6346 The rate so computed shall be adjusted on the first day of January of each year for use in computing interest for that calendar year.

That average shall be p. calculated using the rates from four months:

~~31 ESSB 6346 calculated using the rates from four months:~~

~~(1) If, upon receipt of an application by a taxpayer for a refund or for an audit of the taxpayer's records, or upon an examination of the p. returns or records of any taxpayer, it is determined by the department that within the statutory period for assessment of taxes, penalties, or interest prescribed by RCW 82.32.050 any amount of tax, penalty, or interest has been paid in excess of that properly due, the excess amount paid within, or attributable to, such period must be credited to the taxpayer's account or must be refunded to the taxpayer, at the taxpayer's option.~~

Except 31 as SB provided 6346 in the subsection returns (2) or records of this any section, taxpayer, no it refund is or determined credit by may the be department made that within the statutory period for assessment of taxes, p. penalties, or interest prescribed by RCW 82.32.050 any amount of tax, penalty, or interest has been paid in excess of that properly due, the excess amount paid within, or attributable to, such period must be credited to the taxpayer's account or must be refunded to the taxpayer, at the taxpayer's option.

32 Except ESSB as 6346 provided in subsection (2) of this section, no refund or credit may be made for taxes, penalties, or interest paid more than four years prior to the beginning of the calendar year in which the refund application is made or examination of records is completed.

(a) Interest at the rate of three percent per annum must be allowed by the department and by any court on the amount of any refund, credit, or other recovery allowed to a taxpayer for taxes, penalties, p. or interest paid by the taxpayer before January 1, 1992.

32 SB 6346 penalties, or interest paid by the taxpayer before January 1, 1992.

(b) For refunds or credits of amounts paid or other recovery allowed to a taxpayer after December 31, 1991, the rate of interest p. must be the rate as computed for assessments under RCW 82.32.050(2) less one percent.

~~33 ESSB 6346 must be the rate as computed for assessments under RCW 82.32.050(2) less one percent.~~

(b) If the taxpayer has not made all overpayments for each calendar year and all reporting periods ending with the final month included in a notice or refund on or before the dates specified by RCW 82.32.045 for the final return for each calendar year or the final month included in the notice or refund, interest must be computed from the last day of the month following the date on which payment in

full of the liabilities was made for each calendar year included in a notice or refund, and the last day of the month following the date on which payment in full of the liabilities was made. ~~if the final month included in a notice or refund is not the end of a calendar year.~~

33 SB 6346 made if the final month included in a notice or refund is not the end of a calendar year.
~~p. Sec.~~

~~34 ESSB 6346 Sec.~~

~~(3)p. If a warrant is issued by the department of revenue for the collection of taxes, increases, and penalties, there is added thereto a penalty of 10 percent of the amount of the tax, but not less than \$10.~~

~~(4)34 If SB the 6346 department (3) finds If that a person warrant has engaged in any business or performed any act upon which a tax is imposed issued under by this the title department and of that revenue person for has not obtained from the department collection of registration taxes, certificate increases, as and required penalties, by there RCW is 82.32.030, added the thereto department must impose a penalty of five 10 percent of the amount of tax due from that person for the period tax, that but the person was not registered less as than p. \$10.~~

35 (4) ESSB If 6346 the department finds that a person has engaged in any business or performed any act upon which a tax is imposed under this title and that person has not obtained from the department a registration certificate as required by RCW 82.32.030, the department must impose a penalty of five percent of the amount of tax due from that person for the period that the person was not registered as required by RCW 82.32.030.

A taxpayer will be considered to have willfully disregarded the requirement to file returns or remit payment electronically if the department has mailed or otherwise delivered the specific written instructions to the taxpayer on at ~~least p. two occasions.~~

35 SB 6346 least two occasions.

If the department determines that it is necessary to provide specific written instructions to a taxpayer that does not comply with the ~~p. requirement to file returns or remit payment electronically as provided in RCW 82.32.080, the specific written instructions must provide the taxpayer with a minimum of 45 days to come into compliance with its electronic filing and/or payment obligations before the department may impose the penalty authorized in this subsection.~~

~~36 ESSB 6346 requirement to file returns or remit payment electronically as provided in RCW 82.32.080, the specific written instructions must provide the taxpayer with a minimum of 45 days to come into compliance with its electronic filing and/or payment obligations before the department may impose the penalty authorized in this subsection.~~

~~(9) The department may not impose the evasion penalty in combination with the penalty for disregarding specific written instructions p. or the penalty provided in subsection (6) of this section on the same tax found to be due.~~

36 SB 6346 instructions or the penalty provided in subsection (6) of this section on the same tax found to be due.

~~(11) If the total estimated tax payments under section 501 of this act for the tax year are substantially underpaid, there is p. assessed a penalty of five percent of the amount of the underpaid tax.~~

~~37 ESSB 6346 assessed a penalty of five percent of the amount of the underpaid tax.~~

As used in this subsection, "substantially underpaid" means that an individual's total annual estimated tax payments under section 501 of this act ~~are were~~ less than ~~the 80 tax percent shown on the return required under section 702(1) of this act unless the estimated actual annual tax remitted due, to and the at department least is \$5,000. either:~~

~~(a) 90 percent of the tax shown on the return required under section 702(1) of this act;~~

~~or (b) 100 percent of the tax shown on the most recently filed tax return under section 702(1) of this act.~~

~~(a)p. Timing and amount of tax prepayments under section 501 of this act;~~

37 SB 6346 (a) Timing and amount of tax prepayments under section 501 of this act;

~~(2) The department by rule may provide modifications and exceptions to the provisions listed in subsection (1) of this p. section, if reasonably necessary to facilitate the prompt, efficient, and equitable collection of tax under this chapter.~~

~~38 ESSB 6346 section, if reasonably necessary to facilitate the prompt, efficient, and equitable collection of tax under this chapter.~~

~~LOCAL COUNTY GOVERNMENT PUBLIC DEFENSE FUNDING STABILIZATION ACCOUNT.~~

~~(1) The local county government public defense funding stabilization account is hereby created in the state treasury.~~

Expenditures from the account may be used only for distributions to counties ~~and cities~~ for public defense services consistent with chapter 10.101 RCW.

Counties (2) and On cities a receiving quarterly funds basis, must the comply state with treasurer shall

distribute moneys deposited in the requirements county public defense funding stabilization account to each county based on the county's personal income ratio as determined under subsection (3) of RCW this 10.101.060 section.

~~(2) On a quarterly basis, the state treasurer shall distribute moneys deposited in the local government public defense funding stabilization account as follows:~~

~~(a) 10 percent to cities on a pro rata basis, based upon the annual number of misdemeanor criminal cases filed in courts under each city's jurisdiction, as determined by the office of public defense.~~

~~(b) The remainder to counties as follows:~~

~~(i) Six percent shall be distributed as a base allocation among the counties.~~

~~A county's base allocation is equal to the total amount to be distributed under this subsection (2)(b)(i) divided by 39.~~

~~(ii) 94 percent shall be distributed as follows:~~

~~(A) 40 percent shall be distributed on a pro rata basis to each county based on the county's personal income ratio as determined under subsection (3) of this section;~~

~~and (B) 60 percent shall be distributed on a pro rata basis to each county based upon the annual number of criminal cases filed in the county superior court as a percentage of the total annual number of p. 30 ESSB 6346 criminal cases filed in the superior courts of all counties, as determined under subsection (5) of this section.~~

~~(4)p. For the purpose of this section, "county's personal income ratio" means the personal income of the county divided by the personal income of the state of Washington, as determined under subsection (3) of this section.~~

~~(5)38 SB 6346 (4) For the purposespurpose of this section, the "county's annualpersonal numberincome ofratio" criminalmeans cases the filedpersonal inincome of the county superiordivided court is determined by the mostpersonal recentincome annual report of the courtsstate of Washington, as publisheddetermined byunder thesubsection office(3) of thethis administratorsection. for the courts.~~

~~(6) For the purposes of this section, the annual number of misdemeanor criminal cases filed in courts under the city's jurisdiction is determined by the most recent annual report of the courts of Washington, as published by the office of the administrator for the courts.~~

~~(2) Subsection (1) of this section shall not be deemed to prohibit a beneficiary of a retirement allowance from authorizing p. deductions therefrom for payment of premiums due on any group insurance policy or plan issued for the benefit of a group comprised of public employees of the state of Washington.~~

~~40 ESSB 6346 deductions therefrom for payment of premiums due on any group insurance policy or plan issued for the benefit of a group comprised of public employees of the state of Washington.~~

~~(5)p. Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1103 of this act).~~

39 SB 6346 (5) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1003 of this act).

~~(2) Subsection (1) of this section shall not prohibit the department of retirement systems from complying with (a) a wage assignment order for child support issued pursuant to chapter 26.18 RCW, (b) a notice of payroll deduction issued under chapter 26.23 RCW, (c) an order to withhold and deliver issued pursuant to chapter 74.20A RCW, (d) a mandatory benefits assignment order issued pursuant to chapter 41.50 RCW, (e) a court order directing the department of p. retirement systems to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.~~

~~41 ESSB 6346 retirement systems to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.~~

~~(5) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 11031003 of this act).~~

Sec. p.

40 SB 6346 Sec.

~~RCW 2.14.100 and 2007 c 108 s 1 are each amended to read as follows:~~

~~(1) A member who separates from judicial service for any reason is entitled to receive a lump sum distribution of the member's accumulated contributions.~~

~~The administrator for the courts may adopt rules establishing other payment options, in addition to lump sum distributions, if the other payment options conform to the requirements of the federal internal revenue code.~~

~~(2) The right of a person to receive a payment under this chapter and the moneys in the accounts created under this chapter are exempt from any state, county, municipal, or other local tax and are not subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency law, or any other~~

~~process of law whatsoever and is not assignable, except as is otherwise specifically provided in this section.~~

~~(3) If a judgment, decree or other order, including a court-approved property settlement agreement, that relates to the provision of child support, spousal maintenance, or the marital property rights of a spouse or former spouse, child, or other dependent of a member is made pursuant to the domestic relations law of the state of Washington or such order issued by a court of competent jurisdiction in another state or country, that has been registered or otherwise made enforceable in this state, then the amount of the member's accumulated contributions shall be paid in the p-~~

~~42 ESSB 6346 manner and to the person or persons so directed in the domestic relations order.~~

~~However, this subsection does not permit or require a benefit to be paid or to be provided that is not otherwise available under the terms of this chapter or any rules adopted under this chapter.~~

~~The administrator for the courts shall establish reasonable procedures for determining the status or any such decree or order and for effectuating distribution pursuant to the domestic relations order.~~

~~(4) The administrator for the courts may pay from a member's accumulated contributions the amount that the administrator finds is lawfully demanded under a levy issued by the internal revenue service with respect to that member or is sought to be collected by the United States government under a judgment resulting from an unpaid tax assessment against the member.~~

~~(5) Subsection (2) of this section does not exempt any payment or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1103 of this act).~~

~~Sec.~~

~~804.~~

This subsection shall not apply to child support collection actions issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by federal law, or to collection actions for taxes imposed under Title 82A RCW (the new title created in section ~~1103~~1003 of this act).

~~p-~~(3) The right of a person to a pension, annuity, or retirement allowance or disability allowance, or death benefits, or any optional benefit, or any other right accrued or accruing to any citizen of the state of Washington under any employee benefit plan, and any fund created by such a plan or arrangement, shall be exempt from execution, attachment, garnishment, or seizure by or under any legal process whatever.

~~43 This ESSB subsection 6346 shall (3) not The apply right of a person to a child pension, support annuity, collection or actions retirement issued allowance under or chapter disability 26.18, allowance, 26.23, or death 74.20A benefits, RCW or if any otherwise optional permitted benefit, by or federal any law, other right accrued or accruing to any collection citizen actions or for the taxes state imposed of Washington under any Title employee 82A benefit RCW plan, (the and new any title fund created by in such section a 1003 plan of or this arrangement, act). shall be exempt from execution, attachment, garnishment, or seizure by or under any legal process whatever.~~

~~This subsection shall not apply to child support collection actions issued under chapter 26.18, 26.23, or 74.20A RCW if otherwise permitted by federal law, or to collection actions for taxes imposed under Title 82A RCW (the new title created in section 1103 of this act).~~

~~403(b) or 408 of the internal revenue code of 1986, as amended, or section 409 of such code as in effect before January 1, 1984, to the extent provided in any order issued by a court of competent jurisdiction p. that provides for maintenance or support.~~

41 SB 6346 jurisdiction that provides for maintenance or support.

~~401(a)~~401 (a) or 403(a) of the internal revenue code of 1986, as amended;

or that is a tax-sheltered annuity or a custodial account described in section ~~403~~403(b) -(b) of such code or an individual retirement account or an individual retirement annuity described in section 408 of such code;

The term "employee benefit plan" shall not include any employee benefit plan that is established or maintained for its employees by the government of the United States, by the state of Washington under chapter 2.10, 2.12, 41.26, 41.32, 41.34, 41.35, ~~p-41.37, 41.40, or 43.43 RCW or RCW 41.50.770, or by any agency or instrumentality of the government of the United States.~~

~~44 ESSB 6346 41.37, 41.40, or 43.43 RCW or RCW 41.50.770, or by any agency or instrumentality of the government of the United States.~~

This subsection shall not apply to child support collection actions issued under chapter 26.18, 26.23, or 74.20A RCW, if otherwise permitted by federal law, or to collection actions for taxes imposed under Title 82A RCW (the new title created in section ~~1103~~1003 of this act).

~~403~~403(b) (b) or 408 of the internal revenue code of 1986, as amended, or section 409 of such code as in effect before January 1, 1984, to the extent provided in any order ~~issued p. by a court of competent jurisdiction that provides for maintenance or support.~~

42 SB 6346 issued by a court of competent jurisdiction that provides for maintenance or support.

For purposes of subsection (3) of this section, the distributee of the nonparticipant, nonaccount holder

spouse's community property ~~p-interest in an employee benefit plan shall be considered a person entitled to the full protection of subsection (3) of this section.~~

~~45 ESSB 6346 interest in an employee benefit plan shall be considered a person entitled to the full protection of subsection (3) of this section.~~

~~805-804.~~

~~(1)p. The right of any person to any future payment under the provisions of this chapter shall not be transferable or assignable at law or in equity, and none of the moneys paid or payable or the rights existing under this chapter, shall be subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency law.~~

43 SB 6346 (1) The right of any person to any future payment under the provisions of this chapter shall not be transferable or assignable at law or in equity, and none of the moneys paid or payable or the rights existing under this chapter, shall be subject to execution, levy, attachment, garnishment, or other legal process, or to the operation of any bankruptcy or insolvency law.

(3) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section ~~1103~~1003 of this act).

~~p-Sec.~~

~~46805.-ESSB 6346 Sec.~~

~~806.~~

~~(b)p. Under a group health care benefit plan approved pursuant to RCW 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom, of the amount or amounts of subscription payments, premiums, or contributions to any person, firm, or corporation furnishing or providing medical, surgical, and hospital care or other health care insurance;~~

44 SB 6346 (b) Under a group health care benefit plan approved pursuant to RCW 28A.400.350 or 41.05.065 from authorizing monthly deductions therefrom, of the amount or amounts of subscription payments, premiums, or contributions to any person, firm, or corporation furnishing or providing medical, surgical, and hospital care or other health care insurance;

(3) Subsection (1) of this section shall not prohibit the department from complying with (a) a wage assignment order for child support issued pursuant to chapter 26.18 RCW, (b) an order to withhold and deliver issued pursuant to chapter 74.20A RCW, (c) ((a notice of payroll deduction)) an income withholding order issued pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order issued by the department, (e) a court order directing the department of retirement systems to pay benefits directly to an obligee under a ~~p-dissolution order as defined in RCW 41.50.500(3) which fully complies~~ with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.

~~47(4) ESSBSubsection 6346(1) dissolutionof orderthis assection defineddoes innot RCWexempt 41.50.500(3)any whichpension fullyor compliesother withbenefit RCWreceived 41.50.670under andthis 41.50.700,chapter orfrom (f)tax anyunder administrativeTitle or82A courtRCW order(the expresslynew authorizedtitle bycreated federalin law.section 1003 of this act).~~

~~(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1103 of this act).~~

~~807-806.~~

and chapter 247, Laws of 2000 and all moneys and investments and income thereof, is hereby exempt from any state, county, municipal, or other local tax, and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, whether the same be in ~~actualp.-possession of the person or be deposited or loaned and shall be unassignable.~~

45 SB 6346 actual possession of the person or be deposited or loaned and shall be unassignable.

(3) Subsection (1) of this section shall not prohibit the department from complying with (a) a wage assignment order for child support issued pursuant to chapter 26.18 RCW, (b) an order to withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a ((notice of payroll deduction)) income withholding order issued ~~p-pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order issued by the~~ department, (e) a court order directing the department to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.

~~48(4) ESSBSubsection 6346(1) pursuantof tothis RCWsection 26.23.060,does (d)not aexempt mandatoryany benefitspension assignmentor orderother issuedbenefit byreceived theunder department,this (e)chapter afrom courttax order directing the department to pay benefits directly to an obligee under aTitle dissolution82A order as defined in RCW 41.50.500(3)(the whichnew fullytitle compliescreated within RCWsection 41.50.6701003 andof 41.50.700,this oract).~~ (f) any administrative or court order expressly authorized by federal law.

~~(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1103 of this act).~~

~~808-807.~~

(1) Subject to subsections (2) ((and)), (3), and (4) of this section, the right of a person to a pension, an annuity, or retirement allowance, any optional benefit, any other right accrued or accruing to any person under the provisions of this chapter, the various funds created by this chapter, and all moneys and investments and income thereof, are hereby exempt from any state, county, municipal, or other local tax, and shall not be subject to execution, ~~garnishment, p. attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, whether the same be in actual possession of the person or be deposited or loaned and shall be unassignable.~~

46 SB 6346 garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, whether the same be in actual possession of the person or be deposited or loaned and shall be unassignable.

(3) Subsection (1) of this section does not prohibit the department from complying with (a) a wage assignment order for child support issued pursuant to chapter 26.18 RCW, (b) an order to ~~p. withhold and deliver~~ issued pursuant to chapter 74.20A RCW, (c) ~~((a notice of payroll deduction))~~ an income withholding order issued pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order issued by the department, (e) a court order directing the department of retirement systems to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.

~~40(4) ESSB 6346(1) withhold and deliver issued pursuant to chapter 74.20A RCW, (c) ((a notice of payroll deduction))section and does income not withholding exempt order any issued pension pursuant to other RCW benefit 26.23.060, received (d) under a this mandatory chapter benefits from assignment tax order issued by the department, (e) a court order directing the department of retirement systems to pay benefits directly to an obligee under a Title dissolution 82A order as defined in RCW 41.50.500(3) (the which new fully title complies created within RCW section 41.50.670 1003 and of 41.50.700, this or act). (f) any administrative or court order expressly authorized by federal law.~~

~~(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1103 of this act).~~

~~800,808.~~

~~RCW 41.37.090 and 2012 c 150 s 25 are each amended to read as follows:~~

~~(1) Subject to subsections (2) ((and (3))) through (4) of this section, the right of a person to a pension, an annuity, or retirement allowance, any optional benefit, any other right accrued or accruing to any person under this chapter, the various funds created by this chapter, and all moneys and investments and income thereof, are hereby exempt from any state, county, municipal, or other local tax, and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, whether the same be in actual possession of the person or be deposited or loaned and shall be unassignable.~~

~~(2) This section does not prohibit a beneficiary of a retirement allowance from authorizing deductions therefrom for payment of premiums due on any group insurance policy or plan issued for the benefit of a group comprised of public employees of the state of Washington or its political subdivisions and which has been approved for deduction in accordance with rules that may be adopted by the state health care authority and/or the department.~~

~~This section also does not prohibit a beneficiary of a retirement allowance from authorizing deductions therefrom for payment of dues and other membership fees to any retirement association or organization the membership of which is composed of retired public employees, if a total of three hundred or more retired employees have authorized the deduction for payment to the same retirement association or organization.~~

~~(3) Subsection (1) of this section does not prohibit the department from complying with (a) a wage assignment order for child p.~~

~~50 ESSB 6346 support issued pursuant to chapter 26.18 RCW, (b) an order to withhold and deliver issued pursuant to chapter 74.20A RCW, (c) a notice of payroll deduction issued pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order issued by the department, (e) a court order directing the department to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.~~

~~(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 1103 of this act).~~

~~Sec.~~

~~810.~~

(1) Subject to subsections (2) ((and)), (3), and (4) of this section, the right of a person to a pension, an annuity, or retirement allowance, any optional benefit, any other right accrued or accruing to any person under the provisions of this chapter, the various funds created by this chapter, and all moneys and investments ~~and p. income thereof, are hereby exempt from any state, county, municipal, or other local tax, and shall not be subject to execution, garnishment, attachment, the operation of~~

~~bankruptcy or insolvency laws, or other process of law whatsoever, whether the same be in actual possession of the person or be deposited or loaned and shall be unassignable.~~

47 SB 6346 and income thereof, are hereby exempt from any state, county, municipal, or other local tax, and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or insolvency laws, or other process of law whatsoever, whether the same be in actual possession of the person or be deposited or loaned and shall be unassignable.

~~p.~~(b) This section does not prohibit a beneficiary of a retirement allowance from authorizing deductions from that allowance for charitable purposes on the same terms as employees and public officers under RCW 41.04.035 and 41.04.036.

~~51 ESSB 6346 (b) This section does not prohibit a beneficiary of a retirement allowance from authorizing deductions from that allowance for charitable purposes on the same terms as employees and public officers under RCW 41.04.035 and 41.04.036.~~

(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 11031003 of this act).

Sec. p.

811.48 SB 6346 Sec.

809.

(3) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 11031003 of this act).

p. Sec.

52810. -ESSB 6346 Sec.

812.

The request on behalf of any child or children shall be made by the legal guardian~~p. of such child or children.~~

49 SB 6346 guardian of such child or children.

(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 11031003 of this act).

813-811.

p.(1) Except as provided in subsections (2) ((and)), (3), and (4) of this section, the right of any person to a retirement allowance or optional retirement allowance under the provisions hereof and all moneys and investments and income thereof are exempt from any state, county, municipal, or other local tax and shall not be subject to execution, garnishment, attachment, the operation of bankruptcy or the insolvency laws, or other processes of law whatsoever, whether the same be in actual possession of the person or be deposited or loaned and shall be unassignable except as herein specifically provided.

~~53(2) ESSB Subsection 6346-(1) Except of as this provided section in shall subsections not (2) prohibit ((and)), the (3), department and (4) of this retirement section, systems the from right complying of with any (a) persona to wage assignment retirement order allowance for or child optional support retirement issued allowance pursuant under to the chapter provisions 26.18 hereof RCW, and (b) all an moneys order and to investments withhold and income deliver thereof issued are pursuant exempt to from chapter any 74.20A state, RCW, county, (c) municipal, ((a or notice other of local payroll tax deduction)) and an shall income not withholding be order subject issued pursuant to execution, RCW garnishment, 26.23.060, attachment, (d) the a operation mandatory of benefits bankruptcy assignment or order the issued insolvency pursuant laws, to or chapter other 41.50 processes RCW, of (e) law whatsoever, court whether order directing the same department be in actual possession of the retirement person systems or to be pay deposited benefits or directly loaned to and an shall obligee be under unassignable except dissolution order as herein defined specifically provided.~~

~~(2) 50 Subsection SB (1) 6346 of this section shall not prohibit the department of retirement systems from complying with (a) a wage assignment order for child support issued pursuant to chapter 26.18 RCW, (b) an order to withhold and deliver issued pursuant to chapter 74.20A RCW, (c) ((a notice of payroll deduction)) an income withholding order issued pursuant to RCW 26.23.060, (d) a mandatory benefits assignment order issued pursuant to chapter 41.50 RCW, (e) a court order directing the department of retirement systems to pay benefits directly to an obligee under a dissolution order as defined in RCW 41.50.500(3) which fully complies with RCW 41.50.670 and 41.50.700, or (f) any administrative or court order expressly authorized by federal law.~~

(4) Subsection (1) of this section does not exempt any pension or other benefit received under this chapter from tax under Title 82A RCW (the new title created in section 11031003 of this act).

(1) A working families' tax credit, funded by sales and use tax imposed, is provided to eligible low-income persons for calendar p. years beginning on or after January 1, 2022.

~~54 ESSB 6346 years beginning on or after January 1, 2022.~~

Sec. p.

51 SB 6346 Sec.

~~3232(d)(2)(B)-(d)(2)(B)~~ of the internal revenue code does not apply;

(d) "Internal revenue code" means the United States internal revenue code of 1986, as amended, as of June 9, 2022, or such p-subsequent date as the department may provide by rule consistent with the purpose of this section.

~~55 ESSB 6346 subsequent date as the department may provide by rule consistent with the purpose of this section.~~

~~(ii)p. \$600 for eligible persons with one qualifying child;~~

52 SB 6346 (ii) \$600 for eligible persons with one qualifying child;

~~p-(iv) For eligible persons with three or more qualifying children, beginning at \$5,000 of income below the federal phase-out income for the prior federal tax year, by 18 percent per additional dollar of income until the minimum credit amount as specified in (c) of this subsection is reached.~~

~~56 ESSB 6346 (iv) For eligible persons with three or more qualifying children, beginning at \$5,000 of income below the federal phase-out income for the prior federal tax year, by 18 percent per additional dollar of income until the minimum credit amount as specified in (c) of this subsection is reached.~~

~~(f)p. The percentage rate of remittance reductions in (b) of this subsection must be adjusted every year beginning January 1, 2023, based on calculations by the department that result in the minimum credit being received at the maximum qualifying income level.~~

53 SB 6346 (f) The percentage rate of remittance reductions in (b) of this subsection must be adjusted every year beginning January 1, 2023, based on calculations by the department that result in the minimum credit being received at the maximum qualifying income level.

~~(iii) In addition to information provided on the application, the department may verify that an individual qualifies as a Washington p-resident through the use of automated verification tools or other reasonable means.~~

~~57 ESSB 6346 resident through the use of automated verification tools or other reasonable means.~~

~~(v)p. A person may not claim a credit on behalf of a deceased individual.~~

54 SB 6346 (v) A person may not claim a credit on behalf of a deceased individual.

This includes establishing a date by which applications will p-be accepted, with the aim of accepting applications as soon as possible.

~~58 ESSB 6346 be accepted, with the aim of accepting applications as soon as possible.~~

~~(8) If, upon review of internal revenue service data or other information obtained by the department, it appears that an individual received a refund that the individual was not entitled to, or received p-a larger refund than the individual was entitled to, the department may assess against the individual the overpaid amount.~~

55 SB 6346 received a larger refund than the individual was entitled to, the department may assess against the individual the overpaid amount.

~~(c) If the department finds by clear, cogent, and convincing evidence that an individual knowingly submitted, caused to be submitted, or consented to the submission of, a fraudulent claim for refund under this section, the department must assess a penalty of 50 p-percent of the overpaid amount.~~

~~59 ESSB 6346 percent of the overpaid amount.~~

~~This performance p-statement is only intended to be used for subsequent evaluation of the tax preference.~~

56 SB 6346 performance statement is only intended to be used for subsequent evaluation of the tax preference.

The joint legislative audit and review committee shall provide written notice of the expiration date of RCW 82.08.0206 to p-the department of revenue, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the joint legislative audit and review committee.

~~60 ESSB 6346 the department of revenue, the chief clerk of the house of representatives, the secretary of the senate, the office of the code reviser, and others as deemed appropriate by the joint legislative audit and review committee.~~

~~(2)p. For the purpose of this section, "grooming and hygiene products" means soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, regardless of whether the item meets the definition of "over-the-counter drug," as defined in RCW 82.08.0281.~~

57 SB 6346 (2) For the purpose of this section, "grooming and hygiene products" means soaps and cleaning solutions, shampoo, toothpaste, mouthwash, antiperspirants, and sun tan lotions and screens, regardless of whether the item meets the definition of "over-the-counter drug," as defined in RCW 82.08.0281.

Except for taxpayers that report at least 50 percent of their taxable amount under RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for a reporting period is ((\$55) \$125\$110 multiplied by the number of months in the reporting period, as determined under RCW 82.32.045.

For a taxpayer that reports at least 50 percent of its taxable amount under p-RCW 82.04.255,

82.04.290(2)(a), and 82.04.285, the maximum credit for a reporting period is ((\$160)) \$320 multiplied by the number of months in the reporting period, as determined under RCW 82.32.045.

~~61 ESSB 6346 RCW 82.04.255, 82.04.290(2)(a), and 82.04.285, the maximum credit for a reporting period is ((\$160)) \$375 multiplied by the number of months in the reporting period, as determined under RCW 82.32.045.~~

The table shall be prepared in such a manner that no taxpayer will owe a greater amount of tax by using the table than would be owed by performing the calculation under subsections (1) through (3) of this ~~section.~~p.

58 SB 6346 section.

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

~~62 ESSB 6346 (4) The department of revenue may also require verified annual returns from any taxpayer, setting forth such additional information as it may deem necessary to correctly determine tax liability.~~

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

59 SB 6346 and payable by a consumer directly to the department are due, on returns prescribed by the department, by July 25, 2019.

~~p-(ii) Any Washington taxable income attributable to the wholesale or retail sale of products so manufactured by a person subject to the manufacturing tax rates specified in (b)(i) of this subsection (3) is exempt from the surcharge imposed in this section.~~

~~63 ESSB 6346 (ii) Any Washington taxable income attributable to the wholesale or retail sale of products so manufactured by a person subject to the manufacturing tax rates specified in (b)(i) of this subsection (3) is exempt from the surcharge imposed in this section.~~

(v) Any Washington taxable income attributable to the wholesale or retail sale of petroleum products by a person who is both located in a state other than Washington and the owner of such materials processed for it in Washington by an affiliated processor for hire subject to the rate in RCW 82.04.280(1)(c), is exempt from the ~~surcharge.~~p. imposed in this section.

60 SB 6346 surcharge imposed in this section.

p-NEW SECTION.

~~64 ESSB 6346 NEW SECTION.~~

~~Sections~~Section 905 ~~and 906~~ of this act ~~apply~~applies to taxes initially due and payable on or after January 1, 2029.

PART X ~~CHAPTER~~MISCELLANEOUS 422, ~~LAWS OF 2025~~ Sec.

~~RCW 82.04.050 and 2025 c 422 s 101 are each amended to read as follows:~~

~~(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 p.~~

~~65 ESSB 6346 (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)) (f), 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;~~

~~P-~~

~~66 ESSB 6346 (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.~~

~~For the purposes of this section, it is presumed that the sale of and charge made for the furnishing of lodging offered regularly for public occupancy for periods of less than a month constitutes a license to use or enjoy the property subject to sales and use tax and not a rental or lease of property;~~

~~(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.~~

~~P-~~

~~67 ESSB 6346 (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) Abstract, title insurance, and escrow services;~~

~~(b) Credit bureau services;~~

~~(c) Automobile parking and storage garage services;~~

~~(d) 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;~~

~~(e) Service charges associated with tickets to professional sporting events;~~

~~(f) The following personal services:~~

~~Tanning salon services, tattoo parlor services, steam bath services, turkish bath services, escort services, and dating services;~~

~~(g) ((Information technology training services, technical support, and other services including, but not limited to, assisting with network operations and support, help desk services, in-person training related to hardware or software, network system support services, data entry services, and data processing services;~~

~~(h) Custom website development services.~~

~~For the purposes of this subsection (3), "website development services" means the design, development, and support of a website provided by a website developer to a customer;~~

~~(i) Investigation, security services, security monitoring services, and armored car services including, but not limited to, background checks, security guard and patrol services, personal and event security, armored car transportation of cash and valuables, and security system services and monitoring.~~

~~This does not include locksmith services;~~

~~(j) Temporary staffing services.~~

~~For the purposes of this subsection (3), "temporary staffing services" means providing workers to other businesses, except for hospitals licensed under chapter 70.41 or 71.12 RCW, for limited periods of time to supplement their workforce and fill employment vacancies on a contract or for fee basis;~~

~~P-~~

~~68 ESSB 6346 (k))) Advertising services.~~

~~(i) For the purposes of this subsection (3), "advertising services" means all digital and nondigital services related to the creation, preparation, production, or dissemination of advertisements including, but not limited to:~~

~~(A) Layout, art direction, graphic design, mechanical preparation, production supervision, placement, referrals, acquisition of advertising space, and rendering advice concerning the best methods of advertising products or services;~~

~~and (B) Online referrals, search engine marketing((,)) and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of website traffic for purposes of determining the effectiveness of an advertising campaign.~~

~~(ii) "Advertising services" do not include:~~

~~(A) Web hosting services and domain name registration;~~

~~(B) Services rendered in respect to the following:~~

~~(I) "Newspapers" as defined in RCW 82.04.214;~~

~~(II) Printing or publishing under RCW 82.04.280;~~

~~and (III) "Radio and television broadcasting" within this state as defined in RCW 82.04.281;~~

~~and (C) Services rendered in respect to out-of-home advertising, including:~~

~~Billboard advertising;~~

~~street furniture advertising;~~

~~transit advertising;~~

~~place-based advertising, such as in-store display advertising or point-of-sale advertising;~~

~~dynamic or static signage at live events;~~

~~naming rights;~~

~~and fixed signage advertising.~~

~~Out-of-home advertising does not include direct mail((;~~

~~(l) Live presentations including, but not limited to, lectures, seminars, workshops, or courses where participants attend either in-person or via the internet or telecommunications equipment that allows audience members and the presenter or instructor to give, receive, and discuss information with each other in real time));~~

~~and ((m))) (h)(i) Operating an athletic or fitness facility, including all charges for the use of such a facility or for any associated services and amenities, except as provided in ((m))) (h) (ii) of this subsection.~~

~~(ii) Notwithstanding anything to the contrary in ((m))) (h)(i) of this subsection (3), the term "sale at retail" and "retail sale" under this subsection does not include:~~

~~P-~~

~~69 ESSB 6346 (A) Separately stated charges for the use of an athletic or fitness facility where such use~~

~~is primarily for a purpose other than engaging in or receiving instruction in a physical fitness activity;~~

~~(B) Separately stated charges for the use of a discrete portion of an athletic or fitness facility, other than a pool, where such discrete portion of the facility does not by itself meet the definition of "athletic or fitness facility" in this subsection;~~

~~(C) Separately stated charges for services, such as massage, nutritional consulting, and body composition testing, that do not require the customer to engage in physical fitness activities to receive the service.~~

~~The exclusion in this subsection (3)((m)) (h) (ii)(C) does not apply to personal training services and instruction in a physical fitness activity;~~

~~(D) Separately stated charges for physical therapy provided by a physical therapist, as those terms are defined in RCW 18.74.010, or occupational therapy provided by an occupational therapy practitioner, as those terms are defined in RCW 18.59.020, when performed pursuant to a referral from an authorized health care practitioner or in consultation with an authorized health care practitioner.~~

~~For the purposes of this subsection (3)((m)) (h) (ii)(D), an authorized health care practitioner means a health care practitioner licensed under chapter 18.83, 18.25, 18.36A, 18.57, 18.71, or 18.71A RCW, or, until July 1, 2022, chapter 18.57A RCW;~~

~~(E) Rent or association fees charged by a landlord or residential association to a tenant or residential owner with access to an athletic or fitness facility maintained by the landlord or residential association, unless the rent or fee varies depending on whether the tenant or owner has access to the facility;~~

~~(F) Services provided in the regular course of employment by an employee with access to an athletic or fitness facility maintained by the employer for use without charge by its employees or their family members;~~

~~(G) The provision of access to an athletic or fitness facility by an educational institution to its students and staff.~~

~~However, charges made by an educational institution to its alumni or other members of the public for the use of any of the educational institution's athletic or fitness facilities are a retail sale under this subsection (3)((m)) (h).~~

~~For purposes of this subsection (3) ((m)) (h)(ii)(G), "educational institution" has the same meaning as in RCW 82.04.170;~~

~~P-~~

~~70 ESSB 6346 (H) Yoga, chi gong, or martial arts classes, training, or events held at a community center, park, school gymnasium, college or university, hospital or other medical facility, private residence, or any other facility that is not operated within and as part of an athletic or fitness facility.~~

~~(iii) Nothing in ((m)) (h)(ii) of this subsection (3) may be construed to affect the taxation of sales made by the operator of an athletic or fitness facility, where such sales are defined as a retail sale under any provision of this section other than this subsection (3).~~

~~(iv) For the purposes of this subsection (3)((m)) (h), the following definitions apply:~~

~~(A) "Athletic or fitness facility" means an indoor or outdoor facility or portion of a facility that is primarily used for:~~

~~Exercise classes;~~

~~strength and conditioning programs;~~

~~personal training services;~~

~~tennis, racquetball, handball, squash, or pickleball;~~

~~or other activities requiring the use of exercise or strength training equipment, such as treadmills, elliptical machines, stair climbers, stationary cycles, rowing machines, pilates equipment, balls, climbing ropes, jump ropes, and weightlifting equipment.~~

~~(B) "Martial arts" means any of the various systems of training for physical combat or self-defense.~~

~~"Martial arts" includes, but is not limited to, karate, kung fu, tao kwon do, Krav Maga, boxing, kickboxing, jujitsu, shootfighting, wrestling, aikido, judo, hapkido, Kendo, tai chi, and mixed martial arts.~~

~~(C) "Physical fitness activities" means activities that involve physical exertion for the purpose of improving or maintaining the general fitness, strength, flexibility, conditioning, or health of the participant.~~

~~"Physical fitness activities" includes participating in yoga, chi gong, or martial arts.~~

~~For the purposes of (g) ((through (i) and (k))) of this subsection (3), the terms "sale at retail" and "retail sale" do not include a sale between members of an affiliated group as defined in RCW~~

~~82.04.299(1)(f).~~

~~(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.~~

~~P-~~

~~71 ESSB 6346 (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((, custom software, and customization 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.~~

~~(b) 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.~~

~~(c)(i) The term also includes the charge made to consumers for the right to access and use prewritten computer software((, custom software, and customization of 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)) (c)(i) of this subsection (6) includes the right to access and use prewritten computer software((, custom software, and customization of prewritten computer software)) to perform data processing.~~

~~(B) For purposes of this subsection (6)((b)) (c)(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.~~