
BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: I-2716.1/13

ATTY/TYPIST: JA:jcm

BRIEF DESCRIPTION:

1 AN ACT Relating to promoting sustainable economic development;
2 amending RCW 82.08.020, 82.04.4451, and 82.08.0206; adding a new
3 chapter to Title 82 RCW; repealing RCW 82.04.240; and providing an
4 effective date.

5 BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The intent of this act is to reduce carbon
7 emissions and promote sustainable economic development in Washington by
8 imposing a global warming pollution tax and by funding offsetting tax
9 reductions and energy efficiency investments. This act reduces the
10 sales tax by one percentage point, eliminates the business and
11 occupation tax for manufacturing, triples the business and occupation
12 tax credit for small businesses, and funds the working families' tax
13 exemption. These tax reductions and exemptions are financed by the
14 global warming pollution tax created in this act. After financing
15 these tax reductions and exemptions, any remaining revenues from the
16 global warming pollution tax are dedicated to additional tax reductions
17 and to energy efficiency programs, with energy efficiency programs
18 receiving no more than five percent of the total revenue generated by
19 the global warming pollution tax.

1 NEW SECTION. **Sec. 2.** The sustainable economy working families'
2 tax exemption account is created in the state treasury. All revenues
3 in the account must be used to provide the working families' tax
4 exemption as specified in RCW 82.08.0206.

5 NEW SECTION. **Sec. 3.** The sustainable economy energy efficiency
6 account is created in the state treasury. All revenues in the account
7 must be used to fund energy efficiency programs in Washington.

8 NEW SECTION. **Sec. 4.** The sustainable economy tax reduction
9 account is created in the state treasury. All revenues in the account
10 must be used to provide tax reductions, rebates, and credits.

11 NEW SECTION. **Sec. 5.** (1) A tax is imposed and collected on global
12 warming pollution from fossil fuels in Washington. The global warming
13 pollution tax applies to the following:

14 (a) Fossil fuels used in Washington, including fossil fuels used to
15 generate electricity or heat and fossil fuels loaded onto airplanes,
16 boats, and other vehicles with the intent of using that fuel on that
17 vehicle; and

18 (b) Fossil fuels used to generate electricity imported into
19 Washington, to be determined by using the fuel mix data required under
20 RCW 19.29A.060.

21 (2) Any tax collected under this section must be collected in a
22 manner that provides that the same tax schedule applies to in-state and
23 out-of-state generation.

24 (3) The global warming pollution tax will be reduced for uses of
25 fossil fuels that can be shown and verified to not contribute to
26 increasing atmospheric greenhouse gas concentrations including, but not
27 limited to, fossil fuels that are sequestered in accordance with a
28 method approved by the United States environmental protection agency.
29 The tax reduction in such cases must be proportional to the fraction of
30 emissions that are sequestered or otherwise shown and verified to not
31 contribute to increasing atmospheric greenhouse gas concentrations.

32 (4) As of July 1, 2014, the tax imposed under this section is
33 thirty dollars per metric ton of carbon dioxide equivalent, and must be
34 increased by five percent each year beginning July 1, 2015.

1 (5) The department must adopt rules as necessary to implement the
2 global warming pollution tax as provided in this section. The
3 department must develop and make available worksheets and guidance
4 documents necessary to calculate the global warming pollution produced
5 by various fossil fuels. The department must use commonly used methods
6 such as those maintained by the United States environmental protection
7 agency to calculate the amount of global warming pollution produced by
8 each type of fuel.

9 (6) Any person extracting or importing fossil fuels or importing
10 electricity is liable for payment of the global warming pollution taxes
11 charged under this section. Payment of all taxes charged under this
12 section is due monthly.

13 (7) The department must deposit all taxes collected under this
14 section, net of administrative costs, as follows, in order of priority:

15 (a) Into the sustainable economy working families' tax exemption
16 account created in section 2 of this act: Funds sufficient to provide
17 a twenty percent working families' tax exemption. These funds must
18 also cover administrative costs necessary to implement this section;

19 (b) Into the general fund: Funds equal to the total amount of
20 revenue reductions created by sections 7, 8, and 9 of this act, as
21 estimated by the department;

22 (c) Into the sustainable economy energy efficiency account created
23 in section 3 of this act: One-half of all remaining funds, but not
24 more than five percent of the total amount raised by the tax in this
25 chapter;

26 (d) Into the sustainable economy tax reduction account created in
27 section 4 of this act: All remaining funds.

28 NEW SECTION. **Sec. 6.** The definitions in this section apply
29 throughout this chapter unless the context clearly requires otherwise.

30 (1) "Carbon dioxide equivalents" means a measure used to compare
31 the emissions from various greenhouse gases based upon their global
32 warming potential.

33 (2) "Coal" means bituminous coal, subbituminous coal, lignite, and
34 coke.

35 (3) "Fossil fuel" means natural gas, petroleum, pet coke, coal, or
36 any form of solid, liquid, or gaseous fuel derived from such material,
37 including still gas.

1 (4) "Global warming pollution tax" means the tax created in section
2 5 of this act.

3 (5) "Manufacturing" means any business activity classified in the
4 manufacturing sector of the North American industry classification
5 system.

6 (6) "Person" means any individual, division of government,
7 business, or corporation.

8 **Sec. 7.** RCW 82.08.020 and 2011 c 171 s 120 are each amended to
9 read as follows:

10 (1) There is levied and collected a tax equal to (~~six~~) five and
11 five-tenths percent of the selling price on each retail sale in this
12 state of:

13 (a) Tangible personal property, unless the sale is specifically
14 excluded from the RCW 82.04.050 definition of retail sale;

15 (b) Digital goods, digital codes, and digital automated services,
16 if the sale is included within the RCW 82.04.050 definition of retail
17 sale;

18 (c) Services, other than digital automated services, included
19 within the RCW 82.04.050 definition of retail sale;

20 (d) Extended warranties to consumers; and

21 (e) Anything else, the sale of which is included within the RCW
22 82.04.050 definition of retail sale.

23 (2) There is levied and collected an additional tax on each retail
24 car rental, regardless of whether the vehicle is licensed in this
25 state, equal to five and nine-tenths percent of the selling price. The
26 revenue collected under this subsection must be deposited in the
27 multimodal transportation account created in RCW 47.66.070.

28 (3) Beginning July 1, 2003, there is levied and collected an
29 additional tax of three-tenths of one percent of the selling price on
30 each retail sale of a motor vehicle in this state, other than retail
31 car rentals taxed under subsection (2) of this section. The revenue
32 collected under this subsection must be deposited in the multimodal
33 transportation account created in RCW 47.66.070.

34 (4) For purposes of subsection (3) of this section, "motor vehicle"
35 has the meaning provided in RCW 46.04.320, but does not include farm
36 tractors or farm vehicles as defined in RCW 46.04.180 and 46.04.181,

1 off-road vehicles as defined in RCW 46.04.365, nonhighway vehicles as
2 defined in RCW 46.09.310, and snowmobiles as defined in RCW 46.04.546.

3 (5) Beginning on December 8, 2005, 0.16 percent of the taxes
4 collected under subsection (1) of this section must be dedicated to
5 funding comprehensive performance audits required under RCW 43.09.470.
6 The revenue identified in this subsection must be deposited in the
7 performance audits of government account created in RCW 43.09.475.

8 (6) The taxes imposed under this chapter apply to successive retail
9 sales of the same property.

10 (7) The rates provided in this section apply to taxes imposed under
11 chapter 82.12 RCW as provided in RCW 82.12.020.

12 NEW SECTION. **Sec. 8.** RCW 82.04.240 (Tax on manufacturers) and
13 2010 c 114 s 104, 2004 c 24 s 4, 2003 c 149 s 3, 1998 c 312 s 3, 1993
14 sp.s. c 25 s 102, 1981 c 172 s 1, 1979 ex.s. c 196 s 1, 1971 ex.s. c
15 281 s 3, 1969 ex.s. c 262 s 34, 1967 ex.s. c 149 s 8, 1965 ex.s. c 173
16 s 5, & 1961 c 15 s 82.04.240 are each repealed.

17 **Sec. 9.** RCW 82.04.4451 and 2010 1st sp.s. c 23 s 1102 are each
18 amended to read as follows:

19 (1) In computing the tax imposed under this chapter, a credit is
20 allowed against the amount of tax otherwise due under this chapter, as
21 provided in this section. Except for taxpayers that report at least
22 fifty percent of their taxable amount under RCW 82.04.255,
23 82.04.290(2)(a), and 82.04.285, the maximum credit for a taxpayer for
24 a reporting period is (~~(thirty-five))~~ one hundred five dollars
25 multiplied by the number of months in the reporting period, as
26 determined under RCW 82.32.045. For a taxpayer that reports at least
27 fifty percent of its taxable amount under RCW 82.04.255,
28 82.04.290(2)(a), and 82.04.285, the maximum credit for a reporting
29 period is (~~(seventy))~~ two hundred ten dollars multiplied by the number
30 of months in the reporting period, as determined under RCW 82.32.045.

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

34 (3) When the amount of tax otherwise due under this chapter exceeds
35 the maximum credit, a reduced credit is allowed equal to twice the

1 maximum credit, minus the tax otherwise due under this chapter, but not
2 less than zero.

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

11 **Sec. 10.** RCW 82.08.0206 and 2008 c 325 s 2 are each amended to
12 read as follows:

13 (1) A working families' tax exemption, in the form of a remittance
14 tax due under this chapter and chapter 82.12 RCW, is provided to
15 eligible low-income persons for sales taxes paid under this chapter
16 after January 1, 2008.

17 (2) For purposes of the exemption in this section, an eligible low-
18 income person is:

19 (a) An individual, or an individual and that individual's spouse if
20 they file a federal joint income tax return;

21 (b) (~~(An individual who)~~) An individual who is eligible for, and
22 is granted, the credit provided in Title 26 U.S.C. Sec. 32; and

23 (c) (~~(An individual who)~~) An individual who properly files a
24 federal income tax return as a Washington resident, and has been a
25 resident of the state of Washington more than one hundred eighty days
26 of the year for which the exemption is claimed.

27 (3) For remittances made in 2009 and 2010, the working families'
28 tax exemption for the prior year is a retail sales tax exemption equal
29 to the greater of five percent of the credit granted as a result of
30 (~~Title~~) 26 U.S.C. Sec. 32 of the federal internal revenue code in the
31 most recent year for which data is available or twenty-five dollars.
32 For 2011 and thereafter, the working families' tax exemption for the
33 prior year is equal to the greater of (~~ten~~) twenty percent of the
34 credit granted as a result of (~~Title~~) 26 U.S.C. Sec. 32 of the
35 federal internal revenue code in the most recent year for which data is
36 available or (~~fifty~~) one hundred dollars.

1 (4) For any fiscal period, the working families' tax exemption
2 authorized under this section (~~shall~~) must be approved by the
3 legislature in the state omnibus appropriations act before persons may
4 claim the exemption during the fiscal period.

5 (5) The working families' tax exemption (~~shall~~) must be
6 administered as provided in this subsection.

7 (a) An eligible low-income person claiming an exemption under this
8 section must pay the tax imposed under chapters 82.08, 82.12, and 82.14
9 RCW in the year for which the exemption is claimed. The eligible low-
10 income person may then apply to the department for the remittance as
11 calculated under subsection (3) of this section.

12 (b) Application (~~shall~~) must be made to the department in a form
13 and manner determined by the department, but the department must
14 provide alternative filing methods for applicants who do not have
15 access to electronic filing.

16 (c) Application for the exemption remittance under this section
17 must be made in the year following the year for which the federal
18 return was filed, but in no case may any remittance be provided for any
19 period before January 1, 2008. The department may use the best
20 available data to process the exemption remittance. The department
21 shall begin accepting applications October 1, 2009.

22 (d) The department (~~shall~~) must review the application and
23 determine eligibility for the working families' tax exemption based on
24 information provided by the applicant and through audit and other
25 administrative records, including, when it deems it necessary,
26 verification through internal revenue service data.

27 (e) The department (~~shall~~) must remit the exempted amounts to
28 eligible low-income persons who submitted applications. Remittances
29 may be made by electronic funds transfer or other means.

30 (f) The department may, in conjunction with other agencies or
31 organizations, design and implement a public information campaign to
32 inform potentially eligible persons of the existence of and
33 requirements for this exemption.

34 (g) The department may contact persons who appear to be eligible
35 low-income persons as a result of information received from the
36 internal revenue service under such conditions and requirements as the
37 internal revenue service may by law require.

1 (6) The provisions of chapter 82.32 RCW apply to the exemption in
2 this section.

3 (7) The department may adopt rules necessary to implement this
4 section.

5 (8) The department (~~shall~~) must limit its costs for the exemption
6 program to the initial start-up costs to implement the program. The
7 state omnibus appropriations act (~~shall~~) must specify funding to be
8 used for the ongoing administrative costs of the program. These
9 ongoing administrative costs include, but are not limited to, costs
10 for: The processing of internet and mail applications, verification of
11 application claims, compliance and collections, additional full-time
12 employees at the department's call center, processing warrants,
13 updating printed materials and web information, media advertising, and
14 support and maintenance of computer systems.

15 NEW SECTION. **Sec. 11.** If any provision of this act or its
16 application to any person or circumstance is held invalid, the
17 remainder of the act or the application of the provision to other
18 persons or circumstances is not affected.

19 NEW SECTION. **Sec. 12.** Sections 1 through 6 of this act constitute
20 a new chapter in Title 82 RCW.

21 NEW SECTION. **Sec. 13.** This act takes effect July 1, 2014.

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