

CHAPTER 279.

[H. B. 717.]

EXCISE TAXES—BUSINESS AND OCCUPATION, PUBLIC
UTILITY, INTOXICATING LIQUOR SALES.

AN ACT relating to revenue and taxation; amending section 6, chapter 389, Laws of 1955 and RCW 82.04.050; amending section 20, chapter 389, Laws of 1955 and RCW 82.04.190; amending section 29, chapter 389, Laws of 1955 and RCW 82.16.026; amending section 1, chapter 396, Laws of 1955 and RCW 82.08.150; amending section 1, chapter 10, Laws of 1955 extraordinary session and RCW 82.04.296; repealing section 1, chapter 195, Laws of 1953 and RCW 82.04.235; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

RCW 82.04.050
amended.

SECTION 1. Section 6, chapter 389, Laws of 1955 and RCW 82.04.050 are each amended to read as follows:

"Sale at re-
tail," "retail
sale."

"Sale at retail" or "retail sale" means every sale of tangible personal property (including articles produced, fabricated, or imprinted) other than a sale to one who (a) purchases for the purpose of resale as tangible personal property in the regular course of business, or (b) 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, or (c) purchases for the purpose of consuming the property purchased in producing for sale a new article of tangible personal property or substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale. The term also means every sale of tangible personal property to persons engaged in any business which

is taxable under RCW 82.04.280, subsection (2),
and 82.04.290.

"Sale at
retail,"
"retail sale."

The term "sale at retail" or "retail sale" shall include 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, excluding, however, 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 shall also include the sale of services or charges made for the clearing of land and the moving of earth to the extent necessary for such constructing or improving, unless the charge therefor is stated separately from other charges made in connection with the work performed, under such rules as the tax commission may prescribe; (c) for the furnishing of lodging and related services to transients in or 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 shall be 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.

The term shall not include the sale of or charge made for labor and services rendered in respect to the mere cleaning, fumigating, razing, or moving of existing buildings or structures, or the building, repairing, or improving of any publicly owned

Business and
occupation
tax.
"Sale at
retail,"
"retail sale."

street, place, road, highway, bridge, or trestle which is used or to be used primarily for foot or vehicular traffic, nor shall it include sales of feed, seed, fertilizer, and spray materials to persons for the purpose of producing for sale any agricultural product whatsoever, including milk, eggs, wool, fur, meat, honey, or other substances obtained from animals, birds, or insects.

RCW 82.04.190
amended.

SEC. 2. Section 20, chapter 389, Laws of 1955 and RCW 82.04.190 are each amended to read as follows:

"Consumer."

"Consumer" means the following:

(1) Any person who purchases, acquires, owns, holds, or uses any article of tangible personal property other than for the purpose (a) of resale as tangible personal property in the regular course of business or (b) of incorporating such property as an ingredient or component of real or personal property when installing, repairing, cleaning, altering, imprinting, improving, constructing, or decorating such real or personal property of or for consumers or (c) of consuming such property in producing for sale a new article of tangible personal property or a new substance, of which such property becomes an ingredient or component or as a chemical used in processing, when the primary purpose of such chemical is to create a chemical reaction directly through contact with an ingredient of a new article being produced for sale;

(2) Any person engaged in the business of rendering professional or personal services to persons who are taxable under RCW 82.04.290;

(3) Any person engaged in the business of contracting for the building, repairing or improving of any publicly owned street, place, road, highway, bridge or trestle which is used or to be used primarily for foot or vehicular traffic, in respect, however, only to tangible personal property used or consumed in such business;

(4) Any person who is an owner, lessee or has the right of possession to or an easement in real or personal property which is being constructed, repaired, improved, cleaned, imprinted, or otherwise altered by a person engaged in business, excluding only the United States, the state, and its political subdivisions in respect to labor and services rendered to their real property which is used or held for public road purposes.

SEC. 3. Section 29, chapter 389, Laws of 1955 and RCW 82.16.026 are each amended to read as follows:

From and after the first day of May, 1953, there is levied and shall be collected from every person for the act or privilege of engaging within this state in one or more of the businesses named in RCW 82.16-.020, as a part of the tax imposed by this chapter, an additional tax in the amount of twenty percent of the tax payable under this chapter. To facilitate collection of this additional tax, the tax commission is authorized to adjust the basic rates of persons to which this section applies in such manner as to reflect the exact amount of the additional tax hereby imposed.

RCW 82.16.026 amended.

Public utility tax.
Additional tax imposed.

SEC. 4. Section 1, chapter 396, Laws of 1955 and RCW 82.08.150 are each amended to read as follows:

There is levied and shall be collected from and after the first day of November, 1951, a tax upon each retail sale of spirits, wine, or strong beer in the original package at the rate of ten percent of the selling price, and the term "retail sale" as used herein shall include, in addition to the meaning ascribed thereto in chapter 82.04 RCW, any sale not for resale in such original package. The tax imposed in this section shall apply to the sale of spirits, wine, or strong beer by the Washington state liquor stores and agencies, including sales to Class H licensees. The tax imposed in RCW 82.08.020

RCW 82.08.150 amended.

Use tax.
Tax imposed on certain sales of intoxicating liquors.

shall not apply to sales subject to the tax imposed by this section.

As used in this section, the terms "spirits," "wine," "strong beer," and "package" shall have the meaning ascribed to them in chapter 66.04 RCW.

RCW 82.04.296
amended.

SEC. 5. Section 1, chapter 10, Laws of 1955 extraordinary session and RCW 82.04.296 are each amended to read as follows:

Business and
occupation tax.
Additional tax
imposed.

From and after the first day of May, 1955, there is levied and shall be collected from every person for the act or privilege of engaging in business activities, as a part of the tax imposed by this chapter, other than those activities tax [taxed] pursuant to RCW 82.04.260, an additional tax in the amount of sixty percent of the tax payable under this chapter. To facilitate collection of this additional tax, the tax commission is authorized to adjust the basic rates of persons to which this section applies in such manner as to reflect the exact amount of the additional tax hereby imposed.

Repeal.

SEC. 6. Section 1, chapter 195, Laws of 1953 and RCW 82.04.235 are each repealed.

Emergency.

SEC. 7. This act is necessary for the immediate preservation of the public peace, health and safety, the support of the state government and its existing public institutions, and shall take effect on the first day of May, 1957.

Passed the House March 14, 1957.

Passed the Senate March 14, 1957.

Approved by the Governor March 26, 1957.

NOTE: Whether or not this measure becomes effective law will depend upon outcome of Referendum Measure No. 30.

CHAPTER 280.

[H. B. 727.]

INHERITANCE TAXES—INSURANCE.

AN ACT relating to revenue and taxation; and amending section 115, chapter 180, Laws of 1935 as amended by section 5, chapter 202, Laws of 1939 and RCW 83.16.080; repealing section 1, chapter 134, Laws of 1931 as amended by section 2, chapter 184, Laws of 1945 and RCW 83.40.050.

Be it enacted by the Legislature of the State of Washington:

SECTION 1. The recent growth of this state has created added responsibilities upon government. In order to meet such increased burdens, taxes are imposed as provided in this act.

Declaration,
purpose.

SEC. 2. Section 115, chapter 180, Laws of 1935 as amended by section 5, chapter 202, Laws of 1939 and RCW 83.16.080 are each amended to read as follows:

RCW 83.16.080
amended.

Insurance payable upon the death of any person shall be deemed a part of the estate for the purpose of computing the inheritance tax and shall be taxable to the person entitled thereto. Such insurance shall be taxable irrespective of the fact that the premiums of the policy have been paid by some person other than the insured, or paid out of the income accruing from principal provided by the assured for such payment, whether such principal was donated in trust or otherwise.

Inheritance
and gift taxes.
Insurance.

The inheritance tax upon the proceeds of any insurance policy shall be a lien upon the proceeds of such policy in the hands or possession of the estate of the deceased insured or in the hands or possession of any beneficiary under such policy to whom such proceeds may have been paid: *Provided*, That when proceeds of insurance payable upon death, are receivable by a beneficiary other than the executor or representative, the executor or representative shall recover from such beneficiary the tax due upon such

Proviso.