
SUBSTITUTE HOUSE BILL 2214

State of Washington

54th Legislature

1996 Regular Session

By House Committee on Finance (originally sponsored by Representatives Van Luven, B. Thomas, Schoesler, Pennington, Mastin, Sheldon, Radcliff, Koster, Smith, Huff, Sheahan, Morris, Thompson, Cooke, Goldsmith, Backlund, Benton and Dyer)

Read first time 01/16/96.

1 AN ACT Relating to sales and use tax exemptions for research and
2 development; adding a new section to chapter 82.08 RCW; adding a new
3 section to chapter 82.12 RCW; and providing an effective date.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08 RCW
6 to read as follows:

7 (1) The tax levied by RCW 82.08.020 shall not apply to sales of
8 machinery and equipment used for research and development, or to sales
9 of or charges made for labor and services rendered in respect to
10 installing the machinery and equipment, but only when the purchaser
11 provides the seller with an exemption certificate in a form and manner
12 prescribed by the department by rule, and the purchaser provides the
13 department with a duplicate of the certificate or a summary of exempt
14 sales as the department may require. The seller shall retain a copy of
15 the certificate for the seller's files.

16 (2) For purposes of this section and section 2 of this act:

17 (a) "Machinery and equipment" is defined as provided in RCW
18 82.08.02565.

1 (b) "Used for research and development" means expenditures for the
2 machinery and equipment may be treated as expenses under section 174 of
3 the federal internal revenue code, as in effect on January 1, 1996, or
4 such subsequent date as the director may provide by rule consistent
5 with the purposes of this section.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12 RCW
7 to read as follows:

8 (1) The provisions of this chapter shall not apply in respect to
9 the use of machinery and equipment for research and development, but
10 only when the user provides the department with:

11 (a) An exemption certificate in a form and manner prescribed by the
12 department within sixty days of the first use of the machinery and
13 equipment in this state; or

14 (b) An annual summary listing the machinery and equipment by
15 January 31st of the year following the calendar year in which the
16 machinery and equipment is first used in this state.

17 (2) The definitions in section 1 of this act apply to this section.

18 NEW SECTION. **Sec. 3.** This act shall take effect July 1, 1996.

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