

## ~~Government Reform and Land~~ Use Committee

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### BILL ANALYSIS

### SB 6348

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**Title of the Bill:** Eliminating requirements for filing certificates or annual summaries for sales and use tax exemptions on manufacturing machinery and equipment.

**What this Bill Does:** Eliminates requirements for filing certificates or annual summaries for sales and use tax exemptions on manufacturing machinery and equipment.

**Sponsors:** Senators Hale and Haugen; by request of Department of Revenue.

**Hearing Date:** 2/25/98

**Fiscal Note:** Not requested.

**Analysis Prepared By:** Joan Elgee, 786-7135

#### BACKGROUND:

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In 1995, the Legislature enacted a sales and use tax exemption for machinery and equipment used directly in a manufacturing operation. The exemption was expanded in 1996 to include machinery and equipment used directly in a research and development operation.

The purchaser must provide the seller with an exemption certificate and provide the Department of Revenue with a duplicate of the certificate or a summary of their exempt sales.

The 1995 legislation directed the legislative fiscal committees to report to the Legislature by December 1, 1999, on the economic impacts of the exemption. The Department of Revenue must provide data requested by the committees to perform the analysis.

#### SUMMARY:

The requirement to report sales and use tax exemptions for machinery and equipment used directly in a manufacturing operation or research operation to the Department of Revenue is eliminated.