

FINAL BILL REPORT

SB 6348

PARTIAL VETO

C 330 L 98

Synopsis as Enacted

Brief Description: Eliminating 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.

Senate Committee on Government Operations

House Committee on Government Reform & Land Use

Background: Machinery and equipment used directly in a manufacturing operation or research and development operation are exempt from sales and use taxation. Taxpayers must provide the Department of Revenue with either a duplicate copy of the exemption certificate or an annual summary report as a requirement for the exemption. This is to ensure that taxpayers would report exempt manufacturing machinery and equipment so that the department could complete a legislatively mandated study to measure the economic effect of the exemption. The department has found that it is an excessive burden on taxpayers to properly submit a report and that the department will still be able to obtain the information needed to complete the study.

Summary: The reporting requirement for sales and use tax exemptions for machinery and equipment used directly in a manufacturing operation or research and development operation is eliminated as of January 1, 1999. It is clarified that an exemption cannot be denied solely on the basis that the duplicates were not filed.

Votes on Final Passage:

Senate	48	0	
House	97	0	(House amended)
Senate	48	0	(Senate concurred)

Effective: June 11, 1998

Partial Veto Summary: Sections 3 and 4 are vetoed. The Governor stated these sections would create conflicting policies and extend the period during which businesses must submit redundant paperwork to the Department of Revenue.