

SENATE BILL REPORT

SB 6348

As Passed Senate, February 10, 1998

Title: An act relating to eliminating requirements for filing certificates or annual summaries for sales and use tax exemptions on manufacturing machinery and equipment.

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.

Brief History:

Committee Activity: Government Operations: 1/27/98 [DP].
Passed Senate, 2/10/98, 48-0.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS

Majority Report: Do pass.

Signed by Senators McCaslin, Chair; Hale, Vice Chair; Haugen, Horn, Patterson and T. Sheldon.

Staff: Eugene Green (786-7405)

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 was 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 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 of Bill: 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.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: July 1, 1998.

Testimony For: The reporting requirement is a burden. Purchasing activity doesn't help. The department already has three years of data.

Testimony Against: None.

Testified: PRO: Terry Byington, American Electronics Association; Jim Hedrick, Department of Revenue; Carolyn Logue, NFIB.

House Amendment(s): Elimination of duplicate certificate and summary filing requirements is delayed until January 1, 1999. It is clarified that an exemption cannot be denied simply because the duplicates were not filed.