

# SENATE BILL REPORT

## SB 6447

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As Reported By Senate Committee On:  
Higher Education, February 5, 1998

**Title:** An act relating to tax exemption from the state share of labor and services on higher education facility construction.

**Brief Description:** Providing a tax exemption from the state share of labor and services on higher education facility construction.

**Sponsors:** Senators Kohl, Winsley, Anderson, Hale, Spanel, Brown, Jacobsen, T. Sheldon, Goings, Snyder and B. Sheldon; by request of Governor Locke.

**Brief History:**

**Committee Activity:** Higher Education: 1/27/98, 2/5/98 [DPS-WM].

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### SENATE COMMITTEE ON HIGHER EDUCATION

**Majority Report:** That Substitute Senate Bill No. 6447 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Wood, Chair; Winsley, Vice Chair; Bauer, Hale, Kohl, Patterson, Prince, B. Sheldon and West.

**Staff:** Jean Six (786-7423)

**Background:** The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax.

**Summary of Substitute Bill:** An exemption from the state sales tax for 50 percent of the cost of construction is provided on public higher education projects. Federal contractors are provided the option to claim the same exemption.

**Substitute Bill Compared to Original Bill:** The intent section is clarified. Administration is simplified.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** July 1, 1998.

**Testimony For:** The University of Washington is supportive of the idea not only because it will offset significant inflationary costs but it will also provide much needed funding for additional construction.

The Governor's intent is to make limited construction funds go further.

The exemption will apply only to the public higher education institutions. The savings from current projects will go to higher education but the savings in the future are toward more projects.

The AGC supports the underlying concept; however, they are very concerned about administration for the program. We need clear definitions and need to know when the tax will be collected. What kind of changes will be required of our accounting procedures? What about estimates just now being bid? What is the definition of labor? This concept needs significant study prior to passage at a later date.

The private colleges would like to be included and will support the bill when they are.

**Testimony Against:** None.

**Testified:** PRO: Jim Sainsbury, UW; Joann Taricani, UW; Barbara McLain, OFM; John Fricke, OFM; Sue Graham, Revenue; Duke Shaub, AGC; Tom Parker, Washington Friends of Higher Education.