
SUBSTITUTE HOUSE BILL 1304

State of Washington

55th Legislature

1997 Regular Session

By House Committee on Trade & Economic Development (originally sponsored by Representatives Sheldon, Buck, Morris, Pennington, DeBolt, Linville, Johnson, Dunshee, Honeyford, Skinner, Grant, Gardner, Kessler, Schoesler, Doumit and Hatfield)

Read first time 02/22/97.

1 AN ACT Relating to sales and use tax exemptions for call centers in
2 distressed areas; adding a new section to chapter 82.08 RCW; adding a
3 new section to chapter 82.12 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there are still
6 areas of the state that have very high levels of unemployment despite
7 strong state-wide economic growth.

8 The legislature also finds that additional incentives are needed to
9 promote economic stimulation and new employment opportunities in these
10 distressed areas, and that these incentives are essential to increase
11 economic growth in distressed areas.

12 The legislature intends to accomplish this by providing a sales and
13 use tax exemption on machinery and equipment and buildings used by
14 businesses that establish call centers in distressed areas of the
15 state.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
17 to read as follows:

1 (1) The tax levied by RCW 82.08.020 does not apply to sales to a
2 business, located in an eligible area, of machinery and equipment used
3 directly in a call center operation, or to sales of or charges made for
4 labor and services rendered in respect to installing, repairing,
5 cleaning, altering, or improving the machinery and equipment, but only
6 if the purchaser provides the seller with an exemption certificate in
7 a form and manner prescribed by the department by rule, and the
8 purchaser provides the department with a duplicate of the certificate
9 or a summary of exempt as the department may require. The seller shall
10 retain a copy of the certificate for the seller's files.

11 (2) The tax levied by RCW 82.08.020 does not apply to construction
12 or improvement of buildings, or sales of or charges made for labor and
13 services rendered in respect to construction or improvement of
14 buildings, located in eligible areas, that are used directly as a call
15 center, but only if the purchaser provides the seller with an exemption
16 certificate in a form and manner prescribed by the department by rule,
17 and the purchaser provides the department with a duplicate of the
18 certificate or a summary of exempt sales as the department may require.
19 The seller shall retain a copy of the certificate for the seller's
20 files.

21 (3) To be eligible for the exemption under this section and section
22 3 of this act, the business must make an investment of at least two
23 hundred thousand dollars in buildings or machinery and equipment used
24 directly in the call center operation.

25 (4) For purposes of this section and section 3 of this act:

26 (a) "Buildings" mean only those structures used directly in a call
27 center operation. If a building is used partly for a call center
28 operation and partly for other purposes, the applicable tax exemption
29 shall be determined by apportionment of the costs of construction under
30 rules adopted by the department. The term "buildings" also includes
31 machinery and equipment that is permanently affixed to and becomes a
32 physical part of a building, such as utility systems for heating,
33 ventilation, air conditioning, plumbing, phones, or electrical;

34 (b) "Call centers" mean an independent business operation, leased
35 facility, or division of an existing business with fifty or more
36 employees, who are engaged in telecommunications business activities
37 involving financial transactions, technical support operations,
38 customer services, telemarketing, and charitable fund-raising
39 activities;

1 (c) "Eligible area" means a distressed area as defined in RCW
2 43.165.010, a rural natural resources impact area as defined in RCW
3 43.31.601, a designated community empowerment zone approved under RCW
4 43.63A.700, and a militarily impacted area as designated by the
5 governor under RCW 43.06.115; and

6 (d)(i) "Machinery and equipment" means commercial fixtures,
7 devices, and support facilities, and tangible personal property that
8 becomes an ingredient or component thereof, including repair parts and
9 replacement parts. "Machinery and equipment" includes electronic
10 communications equipment, communications systems infrastructure
11 components, computer software, computer hardware, associated support
12 equipment that is necessary to maintain the communications operations
13 of a call center, and office furniture; and

14 (ii) "Machinery and equipment" does not include:

15 (A) Hand tools; and

16 (B) Property with a useful life of less than one year.

17 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
18 to read as follows:

19 (1) The provisions of this chapter do not apply in respect to the
20 use by a business, located within an eligible area, of machinery and
21 equipment used directly in a call center, or sales of or charges made
22 for labor and services rendered in respect to installing, repairing,
23 cleaning, altering, or improving the machinery and equipment.

24 (2) The provisions of this chapter do not apply in respect to the
25 new construction or improvement of a building, located within an
26 eligible area, that is used directly as a call center, or sales of or
27 charges made for labor and services rendered in respect to the
28 construction or repair of a building.

29 (3) To be eligible for the exemption under this section and section
30 2 of this act, the business must make an investment of at least two
31 hundred thousand dollars in buildings or machinery and equipment used
32 directly in the call center operation.

33 (4) The exemption under this section is available only if the user
34 provides the department with:

35 (a) An exemption certificate in a form and manner prescribed by the
36 department before the construction or improvement of the building;

1 (b) An exemption certificate in a form and manner prescribed by the
2 department within sixty days of the first use of the machinery and
3 equipment in this state;

4 (c) An annual summary listing the machinery and equipment by
5 January 31st of the year following the calendar year in which the
6 machinery and equipment is first used in this state.

7 (5) The definitions in section 2 of this act apply to this section.

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