
HOUSE BILL 2675

State of Washington

55th Legislature

1998 Regular Session

By Representatives Scott, Dunshee, Dunn, Thompson, D. Schmidt, Koster, Murray, Romero, Chandler, Kessler, Costa, Mulliken and Conway

Read first time 01/16/98. Referred to Committee on Finance.

1 AN ACT Relating to exempting local governments from the state share
2 of the sales tax on labor and services related to capital facilities;
3 amending RCW 81.104.170; adding a new section to chapter 82.08 RCW;
4 adding a new section to chapter 82.14 RCW; adding a new section to
5 chapter 82.32 RCW; creating a new section; and providing an effective
6 date.

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

8 NEW SECTION. **Sec. 1.** It is the legislature's intent to provide to
9 local government a partial exemption from the state share of the retail
10 sales tax on construction of infrastructure projects identified under
11 the growth management act as necessary.

12 The legislature finds that such a partial exemption would assist
13 local communities in cutting costs and increasing efficiencies for
14 needed capital facilities projects. The legislature additionally finds
15 that completion of such projects is vital to public safety, community
16 and economic development, environmental and natural resources
17 protection, and overall quality of life in communities across
18 Washington.

1 The legislature further finds that this partial tax exemption
2 represents an innovative tool to help fund much-needed capital
3 facilities projects that might otherwise be delayed or not undertaken
4 at all.

5 The legislature further finds that throughout the state, and
6 particularly in areas of the state with strong economics and expanding
7 population, the demand and costs of new public infrastructure overall
8 and transportation infrastructure in particular are increasing and
9 resources to complete these infrastructure projects are inadequate.
10 Further, where local economies are struggling, a lack of adequate
11 funding for infrastructure results in projects being delayed or left
12 undone and this exacerbates economic distress. A partial exemption in
13 the state retail sales tax on construction of six-year capital
14 facilities projects will not by itself address this growing
15 infrastructure deficit, but will help provide an important cost-cutting
16 tool for local governments to undertake and complete these projects.

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

19 The tax levied by RCW 82.08.020 does not apply to sales of or
20 charges made for labor and services for the land clearing, earth
21 moving, site preparation, constructing, repairing, decorating,
22 renovating, expanding, or improving of new or existing buildings,
23 structures, or facilities under, upon, or above real property of or for
24 a county or city that is required or chooses to plan under RCW
25 36.70A.040 for capital infrastructure projects identified in a six-year
26 capital facility plan developed under RCW 36.70A.070(3).

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.14 RCW
28 to read as follows:

29 The exemption in section 2 of this act is for the state portion of
30 the sales tax and does not extend to the tax imposed in this chapter.

31 **Sec. 4.** RCW 81.104.170 and 1997 c 450 s 5 are each amended to read
32 as follows:

33 Cities that operate transit systems, county transportation
34 authorities, metropolitan municipal corporations, public transportation
35 benefit areas, and regional transit authorities may submit an
36 authorizing proposition to the voters and if approved by a majority of

1 persons voting, fix and impose a sales and use tax in accordance with
2 the terms of this chapter, solely for the purpose of providing high
3 capacity transportation service.

4 The tax authorized pursuant to this section shall be in addition to
5 the tax authorized by RCW 82.14.030 and shall be collected from those
6 persons who are taxable by the state pursuant to chapters 82.08 and
7 82.12 RCW upon the occurrence of any taxable event within the taxing
8 district. The maximum rate of such tax shall be approved by the voters
9 and shall not exceed one percent of the selling price (in the case of
10 a sales tax) or value of the article used (in the case of a use tax).
11 The maximum rate of such tax that may be imposed shall not exceed
12 nine-tenths of one percent in any county that imposes a tax under RCW
13 82.14.340, or within a regional transit authority if any county within
14 the authority imposes a tax under RCW 82.14.340. The exemptions in RCW
15 82.08.820 and 82.12.820 are for the state portion of the sales and use
16 tax and do not extend to the tax authorized in this section.

17 The exemption in section 2 of this act is for the state portion of
18 the sales tax and does not extend to the tax imposed in this chapter.

19 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.32 RCW
20 to read as follows:

21 The department may develop and institute a tax reporting method
22 whereby the taxpayer uses deductions, credits, or other accounting
23 techniques, as directed by the department, to allow the department to
24 administer, and the taxpayer to report, sales tax as affected by
25 section 2 of this act simply and efficiently. Taxpayers who are
26 entitled to this exemption and sellers shall keep their records in a
27 form and manner as directed by the department so that the department
28 can distinguish between taxable and exempt transactions.

29 NEW SECTION. **Sec. 6.** This act takes effect July 1, 1998.

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