

2 **SSB 5608** - S AMD - 123  
3 By Senators Snyder and Loveland

4 ADOPTED 3/12/99

5 On page 1, strike everything after the enacting clause and insert  
6 the following:

7 "NEW SECTION. **Sec. 1.** The legislature finds that the application  
8 of the manufacturer's machinery and equipment sales and use tax  
9 exemption has, in some cases, been difficult and confusing for  
10 taxpayers. In this act, the legislature clarifies the original intent  
11 of the exemption and its application by explicitly and clearly defining  
12 those items of machinery and equipment that are exempt from tax. This  
13 act clarifies the definition of "manufacturing" by defining those  
14 logging, rock crushing, and testing activities that are exempt and  
15 clarifies the definition of "used directly" by clearly stating that, in  
16 order to qualify for the exemption, the machinery and equipment must be  
17 used so that the major benefit is for exempt purposes.

18 **Sec. 2.** RCW 82.04.120 and 1998 c 168 s 1 are each amended to read  
19 as follows:

20 "To manufacture" embraces all activities of a commercial or  
21 industrial nature wherein labor or skill is applied, by hand or  
22 machinery, to materials so that as a result thereof a new, different or  
23 useful substance or article of tangible personal property is produced  
24 for sale or commercial or industrial use, and shall include: (1) The  
25 production or fabrication of special made or custom made articles;  
26 ~~((and))~~ (2) the production or fabrication of dental appliances,  
27 devices, restorations, substitutes, or other dental laboratory products  
28 by a dental laboratory or dental technician; (3) cutting, delimiting,  
29 and measuring of felled, cut, or taken trees; and (4) crushing and/or  
30 blending of rock, sand, stone, gravel, or ore.

31 "To manufacture" shall not include: Conditioning of seed for use  
32 in planting; cubing hay or alfalfa; ~~((or))~~ activities which consist of  
33 cutting, grading, or ice glazing seafood which has been cooked, frozen,  
34 or canned outside this state; or the growing, harvesting, or producing  
35 of agricultural products.