

# FINAL BILL REPORT

## SHB 3158

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Synopsis as Enacted

**Brief Description:** Exempting computer equipment used primarily in printing or publishing from sales and use tax.

**Sponsors:** By House Committee on Finance (originally sponsored by Representatives McIntire, Kessler and Edwards).

**House Committee on Finance**

**Senate Committee on Ways & Means**

#### **Background:**

Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Sales and use taxes are levied by the state, counties, and cities, and total rates vary from 7 to 8.9 percent.

Machinery and equipment sold to a manufacturer or a processor for hire used directly in a manufacturing operation or research and development operation are exempt from sales tax and use tax. Machinery and equipment must be used directly in a manufacturing operation or research and development operation to be exempt. Equipment that does not directly control manufacturing equipment or interact with an item of tangible personal property which is part of the manufacturing process does not qualify for exemption. Some computer equipment used by printers and publishers does not qualify for the exemption.

#### **Summary:**

Computer equipment purchased by a printer or publisher used primarily in the printing or publishing of printed material is exempt from sales and use tax. The exemption includes parts for repair and replacement and services for installation and repair. Computer equipment exempted includes monitors, keyboards, printers, modems, scanners, pointing devices, and other peripheral equipment, cables, servers, routers, digital cameras, and computer software.

#### **Votes on Final Passage:**

House	96	1
Senate	48	0

**Effective:** June 10, 2004