
HOUSE BILL 3158

State of Washington 58th Legislature 2004 Regular Session

By Representatives McIntire, Kessler and Edwards

Read first time 01/30/2004. Referred to Committee on Finance.

1 AN ACT Relating to exempting from sales and use tax computer
2 equipment used primarily in printing or publishing; adding a new
3 section to chapter 82.08 RCW; adding a new section to chapter 82.12
4 RCW; and creating a new section.

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

6 NEW SECTION. **Sec. 1.** (1) The legislature finds that the
7 manufacturer's machinery and equipment sales and use tax exemption is
8 vital to the continued development of economic opportunity in this
9 state, including the development of new businesses and the expansion or
10 modernization of existing businesses.

11 (2) The legislature finds that the printing and publishing
12 industries have not been able to realize the benefits of the
13 manufacturer's machinery and equipment sales and use tax exemption to
14 the same extent as other manufacturing industries due to dramatic
15 changes in business methods caused by computer technology not
16 contemplated when the manufacturer's machinery and equipment sales and
17 use tax exemption was adopted. As a result of these changes in
18 business methods, a substantial amount of computer equipment used by

1 printers and publishers is not eligible for the manufacturer's
2 machinery and equipment sales and use tax exemption because the
3 computer equipment is not used within the manufacturing site.

4 (3) The legislature further finds that additional incentives for
5 printers and publishers of newspapers, magazines, and periodicals need
6 to be adopted to provide these industries with similar benefits as the
7 manufacturer's machinery and equipment sales and use tax exemption
8 provides for other manufacturing industries, and in recognition of the
9 rapid rate of technological advancement in business methods undergone
10 by the printing and publishing industries. The legislature intends to
11 accomplish this by providing a sales and use tax exemption to printers
12 and publishers for computer equipment, not otherwise eligible for the
13 manufacturer's machinery and equipment sales and use tax exemption,
14 used primarily in the printing or publishing of newspapers,
15 periodicals, or magazines, and for labor and services rendered in
16 respect to installing, repairing, cleaning, altering, or improving such
17 computer equipment.

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

20 (1) The tax levied by RCW 82.08.020 shall not apply to sales to a
21 printer or publisher of computer equipment, including repair parts and
22 replacement parts for such equipment, used primarily in the printing or
23 publishing of newspapers, periodicals, or magazines, or to sales of or
24 charges made for labor and services rendered in respect to installing,
25 repairing, cleaning, altering, or improving the computer equipment.
26 This exemption applies only to computer equipment not otherwise exempt
27 under RCW 82.08.02565.

28 (2) A person taking the exemption under this section must keep
29 records necessary for the department to verify eligibility under this
30 section. This exemption is available only when the purchaser provides
31 the seller with an exemption certificate in a form and manner
32 prescribed by the department. The seller shall retain a copy of the
33 certificate for the seller's files.

34 (3) The definitions in this subsection (3) apply throughout this
35 section, unless the context clearly requires otherwise.

36 (a) "Computer" has the same meaning as in RCW 82.04.215.

1 (b) "Computer equipment" means a computer and the associated
2 physical components that constitute a computer system, including
3 monitors, keyboards, printers, modems, scanners, pointing devices, and
4 other computer peripheral equipment, cables, servers, and routers.
5 "Computer equipment" also includes digital cameras and computer
6 software.

7 (c) "Computer software" has the same meaning as in RCW 82.04.215.

8 (d) "Newspaper" has the same meaning as in RCW 82.04.214.

9 (e) "Periodical or magazine" has the same meaning as in RCW
10 82.04.280.

11 (f) "Primarily" means greater than fifty percent as measured by
12 time.

13 (g) "Printer or publisher" means a person who is engaged in the
14 printing or publishing of newspapers, periodicals, or magazines.

15 (4) "Computer equipment" does not include computer equipment that
16 is used primarily for administrative purposes including but not limited
17 to payroll processing, accounting, customer service, telemarketing, and
18 collection. If computer equipment is used simultaneously for
19 administrative and nonadministrative purposes, the administrative use
20 shall be disregarded during the period of simultaneous use for purposes
21 of determining whether the computer equipment is used primarily for
22 administrative purposes.

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

25 (1) The provisions of this chapter do not apply in respect to the
26 use, by a printer or publisher, of computer equipment, including repair
27 parts and replacement parts, used primarily in the printing or
28 publishing of newspapers, periodicals, or magazines, or to labor and
29 services rendered in respect to installing, repairing, cleaning,
30 altering, or improving the computer equipment. This exemption applies
31 only to computer equipment not otherwise exempt under RCW 82.12.02565.

32 (2) For the purposes of this section, the definitions in section 2
33 of this act apply.

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