
SUBSTITUTE HOUSE BILL 1865

State of Washington

59th Legislature

2005 Regular Session

By House Committee on Transportation (originally sponsored by Representatives Kilmer, Woods, Lantz, Appleton, Talcott, Green and Williams)

READ FIRST TIME 01/16/06.

1 AN ACT Relating to sales and use taxes related to the state route
2 16 corridor improvements project; amending RCW 47.46.060; adding a new
3 section to chapter 82.08 RCW; and adding a new section to chapter 82.12
4 RCW.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08 RCW
7 to read as follows:

8 (1) The tax levied by RCW 82.08.020 does not apply to charges made
9 for labor and services rendered by any person in respect to the
10 building, repairing, or improving of any street, place, road, highway,
11 easement, right of way, bridge, tunnel, or trestle which is owned by
12 the state or by the United States and which is used or to be used
13 primarily for foot or vehicular traffic, or to sales of tangible
14 personal property that becomes an ingredient or component of the
15 street, place, road, highway, easement, right of way, bridge, tunnel,
16 or trestle during the course of the building, repairing, or improving
17 of any street, place, road, highway, easement, right of way, bridge,
18 tunnel, or trestle provided that at least eighty percent of the cost of
19 the project shall be recovered through tolls or other direct user fees.

1 (2) The buyer must provide the seller with an exemption certificate
2 in a form and manner prescribed by the department. The seller shall
3 retain a copy of the certificate for the seller's files.

4 (3) For the purposes of this section, "direct user fee" means a fee
5 charged for the specific use of the facility.

6 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12 RCW
7 to read as follows:

8 (1) The provisions of this chapter do not apply with respect to the
9 use of tangible personal property that becomes an ingredient or
10 component of the street, place, road, highway, easement, right of way,
11 bridge, tunnel, or trestle which is owned by the state or by the United
12 States and which is used or to be used primarily for foot or vehicular
13 traffic, to sales of tangible personal property that becomes an
14 ingredient or component of the street, place, road, highway, easement,
15 right of way, bridge, tunnel, or trestle during the course of the
16 building, repairing, or improving of any street, place, road, highway,
17 easement, right of way, bridge, tunnel, or trestle provided that at
18 least eighty percent of the cost of the project shall be recovered
19 through tolls or other direct user fees.

20 (2) "Direct user fee" has the same meaning as provided in section
21 1 of this act.

22 **Sec. 3.** RCW 47.46.060 and 2002 c 114 s 18 are each amended to read
23 as follows:

24 (1) Any person, including the department of transportation and any
25 private entity or entities, may apply for deferral of taxes on the site
26 preparation for, the construction of, the acquisition of any related
27 machinery and equipment which will become a part of, and the rental of
28 equipment for use in the state route number 16 corridor improvements
29 project under this chapter. Application shall be made to the
30 department of revenue in a form and manner prescribed by the department
31 of revenue. The application shall contain information regarding
32 estimated or actual costs, time schedules for completion and operation,
33 and other information required by the department of revenue. The
34 department of revenue shall approve the application within sixty days
35 if it meets the requirements of this section.

1 (2) The department of revenue shall issue a sales and use tax
2 deferral certificate for state and local sales and use taxes due under
3 chapters 82.08, 82.12, and 82.14 RCW on the project.

4 (3) The department of transportation or a private entity granted a
5 tax deferral under this section shall begin paying the deferred taxes
6 in the fifth year after the date certified by the department of revenue
7 as the date on which the project is operationally complete. The first
8 payment is due on December 31st of the fifth calendar year after such
9 certified date, with subsequent annual payments due on December 31st of
10 the following nine years. Each payment shall equal ten percent of the
11 deferred tax. The project is operationally complete under this section
12 when the collection of tolls is commenced for the state route number 16
13 improvements covered by the deferral.

14 (4) The department of revenue may authorize an accelerated
15 repayment schedule upon request of the department of transportation or
16 a private entity granted a deferral under this section.

17 (5) Interest shall not be charged on any taxes deferred under this
18 section for the period of deferral, although all other penalties and
19 interest applicable to delinquent excise taxes may be assessed and
20 imposed for delinquent payments under this section. The debt for
21 deferred taxes is not extinguished by insolvency or other failure of
22 the private entity. Transfer of ownership does not terminate the
23 deferral.

24 (6) Applications and any other information received by the
25 department of revenue under this section are not confidential and are
26 subject to disclosure. Chapter 82.32 RCW applies to the administration
27 of this section.

28 (7) Taxes due under chapters 82.08 and 82.12 RCW on the site
29 preparation for, the construction of, the acquisition of any related
30 machinery and equipment that will become a part of, and the rental of
31 equipment for use in the state route number 16 corridor improvements
32 for which a deferral has been granted need not be repaid.

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