
HOUSE BILL 1865

State of Washington 59th Legislature 2005 Regular Session

By Representatives Kilmer, Woods, Lantz, Appleton, Talcott, Green and Williams

Read first time 02/08/2005. Referred to Committee on Transportation.

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; adding a new section to chapter 82.12
4 RCW; and declaring an emergency.

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 or exemption of
26 taxes on the site preparation for, the construction of, the acquisition
27 of any related machinery and equipment which will become a part of, and
28 the rental of equipment for use in the state route number 16 corridor
29 improvements project under this chapter. Application shall be made to
30 the department of revenue in a form and manner prescribed by the
31 department of revenue. The application shall contain information
32 regarding estimated or actual costs, time schedules for completion and
33 operation, and other information required by the department of revenue.
34 The department of revenue shall approve the application within sixty
35 days 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
3 under (~~chapters 82.08, 82.12, and~~) chapter 82.14 RCW on the project.

4 (3) The department of revenue shall issue a sales and use tax
5 exemption certificate for state sales and use taxes due under chapters
6 82.08 and 82.12 RCW in accordance with sections 1 and 2 of this act.

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

17 (~~(4)~~) (5) The department of revenue may authorize an accelerated
18 repayment schedule upon request of the department of transportation or
19 a private entity granted a deferral under this section.

20 (~~(5)~~) (6) Interest shall not be charged on any taxes deferred
21 under this section for the period of deferral, although all other
22 penalties and interest applicable to delinquent excise taxes may be
23 assessed and imposed for delinquent payments under this section. The
24 debt for deferred taxes is not extinguished by insolvency or other
25 failure of the private entity. Transfer of ownership does not
26 terminate the deferral.

27 (~~(6)~~) (7) Applications and any other information received by the
28 department of revenue under this section are not confidential and are
29 subject to disclosure. Chapter 82.32 RCW applies to the administration
30 of this section.

31 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
32 preservation of the public peace, health, or safety, or support of the
33 state government and its existing public institutions, and takes effect
34 immediately.

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