
HOUSE BILL 2417

State of Washington

59th Legislature

2006 Regular Session

By Representatives Buri, Morrell, Rodne, Pettigrew, Linville, Cox, Skinner, Buck, Sump, Newhouse, Walsh, Springer, Ahern, Haler, Serben, Grant, Kristiansen, Ericksen, Schindler, Ericks, Kretz, B. Sullivan, Armstrong, Dunn, McCune and Holmquist

Prefiled 1/3/2006. Read first time 01/09/2006. Referred to Committee on Finance.

1 AN ACT Relating to excise tax relief for farm machinery and
2 equipment; amending RCW 82.14.020, 82.14.020, and 82.14.070; adding a
3 new section to chapter 82.08 RCW; adding a new section to chapter 82.12
4 RCW; providing a contingent effective date; and providing a contingent
5 expiration date.

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

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

9 (1) The tax levied by RCW 82.08.020 does not apply to the sale of:

10 (a) Used farm machinery and equipment to a farmer; or

11 (b) Replacement parts for, or services rendered in respect to, farm
12 machinery and equipment used by a farmer.

13 (2) A person claiming an exemption under this section must keep
14 records necessary for the department to verify eligibility under this
15 section. An exemption is available only when the buyer provides the
16 seller with an exemption certificate in a form and manner prescribed by
17 the department. The seller shall retain a copy of the certificate for
18 the seller's files.

1 (3) The exemption authorized in this section only applies to the
2 tax levied in RCW 82.08.020 and does not apply to any sales and use tax
3 authorized in chapter 82.14 RCW.

4 (4) The definitions in this subsection apply to this section.

5 (a) "Farmer" and "agricultural products" have the meanings provided
6 in RCW 82.04.213.

7 (b) "Farm machinery and equipment" means machinery and equipment
8 designed for the purpose of growing, raising, or producing agricultural
9 products.

10 (c) "Services" means labor for repairs, maintenance, or the
11 replacement of parts, for machinery and equipment.

12 (d) "Used farm machinery and equipment" means farm machinery and
13 equipment that:

14 (i) Has been previously sold at retail and has been subjected to
15 tax under this chapter;

16 (ii) Has been previously used and has been subjected to tax under
17 chapter 82.12 RCW;

18 (iii) Has previously sold at retail in any other state of the
19 United States, any political subdivision thereof, the District of
20 Columbia, or any foreign country or political subdivision thereof.

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

23 (1) The provisions of this chapter do not apply in respect to the
24 use by a farmer of:

25 (a) Used farm machinery and equipment; or

26 (b) Replacement parts for, or services rendered in respect to, farm
27 machinery and equipment.

28 (2) The exemption authorized in this section only applies to taxes
29 levied under the provisions of this chapter and does not apply to any
30 sales and use tax authorized in chapter 82.14 RCW.

31 (3) The definitions and recordkeeping requirements in section 1 of
32 this act apply to this section.

33 **Sec. 3.** RCW 82.14.020 and 2005 c 514 s 111 are each amended to
34 read as follows:

35 For purposes of this chapter:

1 (1) A retail sale consisting solely of the sale of tangible
2 personal property shall be deemed to have occurred at the retail outlet
3 at or from which delivery is made to the consumer;

4 (2) A retail sale consisting essentially of the performance of
5 personal, business, or professional services shall be deemed to have
6 occurred at the place at which such services were primarily performed,
7 except that for the performance of a tow truck service, as defined in
8 RCW 46.55.010, the retail sale shall be deemed to have occurred at the
9 place of business of the operator of the tow truck service;

10 (3) A retail sale consisting of the rental of tangible personal
11 property shall be deemed to have occurred (a) in the case of a rental
12 involving periodic rental payments, at the place of primary use by the
13 lessee during the period covered by each payment, or (b) in all other
14 cases, at the place of first use by the lessee;

15 (4) A retail sale within the scope of RCW 82.04.050(2), and a
16 retail sale of taxable personal property to be installed by the seller
17 shall be deemed to have occurred at the place where the labor and
18 services involved were primarily performed;

19 (5)(a) A retail sale consisting of the providing to a consumer of
20 telephone service, as defined in RCW 82.04.065, other than a sale of
21 tangible personal property under subsection (1) of this section or a
22 rental of tangible personal property under subsection (3) of this
23 section or a sale of mobile telecommunications services, shall be
24 deemed to have occurred at the situs of the telephone or other
25 instrument through which the telephone service is rendered;

26 (b) A retail sale consisting of the providing of telecommunications
27 services shall be sourced in accordance with RCW 82.32.520;

28 (6) A retail sale of linen and uniform supply services is deemed to
29 occur as provided in RCW 82.08.0202;

30 (7) A retail sale consisting of an extended warranty shall be
31 deemed to have occurred at the business location of the seller if the
32 extended warranty is received by the purchaser at that location. If an
33 extended warranty is not received by the purchaser at the business
34 location of the seller, a retail sale of an extended warranty shall be
35 deemed to have occurred at the location where receipt by the buyer
36 occurs;

37 (8) "City" means a city or town;

1 (9) "Persons who are taxable by the state," or similar language,
2 means those persons required to collect and remit state sales or use
3 tax to the department, or would be required to do the same if not for
4 a state sales or use tax exemption exempting the sale or use from state
5 sales or use taxes.

6 (10) The meaning ascribed to words and phrases in chapters 82.04,
7 82.08 and 82.12 RCW, (~~as now or hereafter amended,~~) insofar as
8 applicable, (~~shall~~) have full force and effect with respect to taxes
9 imposed under authority of this chapter;

10 (~~(10)~~) (11) "Taxable event" (~~shall~~) means any retail sale, or
11 any use, upon which a state tax is imposed pursuant to chapter 82.08 or
12 82.12 RCW, (~~as they now exist or may hereafter be amended: PROVIDED,~~
13 ~~HOWEVER, That~~) or any retail sale, or any use, upon which a state tax
14 in chapter 82.08 or 82.12 RCW is not applicable due to a state sales or
15 use tax exemption, if the provisions describing the sales or use tax
16 exemption explicitly exempt only the state portion of the sales or use
17 tax. The term shall not include a retail sale taxable pursuant to RCW
18 82.08.150(~~, as now or hereafter amended~~);

19 (~~(11)~~) (12) "Treasurer or other legal depository" shall mean the
20 treasurer or legal depository of a county or city.

21 **Sec. 4.** RCW 82.14.020 and 2005 c 514 s 112 are each amended to
22 read as follows:

23 For purposes of this chapter:

24 (1) A retail sale consisting solely of the sale of tangible
25 personal property shall be deemed to have occurred at the retail outlet
26 at or from which delivery is made to the consumer;

27 (2) A retail sale consisting essentially of the performance of
28 personal, business, or professional services shall be deemed to have
29 occurred at the place at which such services were primarily performed,
30 except that for the performance of a tow truck service, as defined in
31 RCW 46.55.010, the retail sale shall be deemed to have occurred at the
32 place of business of the operator of the tow truck service;

33 (3) A retail sale consisting of the rental of tangible personal
34 property shall be deemed to have occurred (a) in the case of a rental
35 involving periodic rental payments, at the primary place of use by the
36 lessee during the period covered by each payment, or (b) in all other
37 cases, at the place of first use by the lessee;

1 (4) A retail sale within the scope of RCW 82.04.050(2), and a
2 retail sale of taxable personal property to be installed by the seller
3 shall be deemed to have occurred at the place where the labor and
4 services involved were primarily performed;

5 (5) A retail sale consisting of the providing of telecommunications
6 services shall be sourced in accordance with RCW 82.32.520;

7 (6) A retail sale of linen and uniform supply services is deemed to
8 occur as provided in RCW 82.08.0202;

9 (7) A retail sale consisting of an extended warranty shall be
10 deemed to have occurred at the business location of the seller if the
11 extended warranty is received by the purchaser at that location. If an
12 extended warranty is not received by the purchaser at the business
13 location of the seller, a retail sale of an extended warranty shall be
14 deemed to have occurred at the location where receipt by the buyer
15 occurs;

16 (8) "City" means a city or town;

17 (9) "Persons who are taxable by the state," or similar language,
18 means those persons required to collect and remit state sales or use
19 tax to the department, or would be required to do the same if not for
20 a state sales or use tax exemption exempting the sale or use from state
21 sales or use taxes.

22 (10) The meaning ascribed to words and phrases in chapters 82.04,
23 82.08 and 82.12 RCW, ~~((as now or hereafter amended,))~~ insofar as
24 applicable, ~~((shall))~~ have full force and effect with respect to taxes
25 imposed under authority of this chapter;

26 ~~((10))~~ (11) "Taxable event" ~~((shall))~~ means any retail sale, or
27 any use, upon which a state tax is imposed pursuant to chapter 82.08 or
28 82.12 RCW, ~~((as they now exist or may hereafter be amended: PROVIDED,~~
29 ~~HOWEVER, That))~~ or any retail sale, or any use, upon which a state tax
30 in chapter 82.08 or 82.12 RCW is not applicable due to a state sales or
31 use tax exemption, if the provisions describing the sales or use tax
32 exemption explicitly exempt only the state portion of the sales or use
33 tax. The term shall not include a retail sale taxable pursuant to RCW
34 82.08.150(, as now or hereafter amended));

35 ~~((11))~~ (12) "Treasurer or other legal depository" shall mean the
36 treasurer or legal depository of a county or city.

1 **Sec. 5.** RCW 82.14.070 and 2003 c 168 s 202 are each amended to
2 read as follows:

3 It is the intent of this chapter that any local sales and use tax
4 adopted pursuant to this chapter be identical to the state sales and
5 use tax, unless otherwise prohibited by federal law, and with other
6 local sales and use taxes adopted pursuant to this chapter. It is
7 further the intent of this chapter that the local sales and use tax
8 shall be imposed upon an individual taxable event simultaneously with
9 the imposition of the state sales or use tax upon the same taxable
10 event, unless the taxable event is specifically excluded from the state
11 portion of the sales or use tax. The rule making powers of the state
12 department of revenue contained in RCW 82.08.060 and 82.32.300 shall be
13 applicable to this chapter. The department shall, as soon as
14 practicable, and with the assistance of the appropriate associations of
15 county prosecutors and city attorneys, draft a model resolution and
16 ordinance.

17 NEW SECTION. **Sec. 6.** (1) Section 3 of this act expires on the
18 date chapter 67, Laws of 2002 becomes null and void.

19 (2) Section 4 of this act takes effect on the date chapter 67, Laws
20 of 2002 becomes null and void.

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