
SENATE BILL 6640

State of Washington 59th Legislature 2006 Regular Session

By Senators Oke, Sheldon and Rockefeller

Read first time 01/17/2006. Referred to Committee on Ways & Means.

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:

9 (a) Charges made for labor and services rendered by any person in
10 respect to the building of any street, place, road, highway, easement,
11 right of way, bridge, tunnel, or trestle which is owned by the state or
12 by the United States and which is used or to be used primarily for foot
13 or vehicular traffic; or

14 (b) Sales of tangible personal property that becomes an ingredient
15 or component of the street, place, road, highway, easement, right of
16 way, bridge, tunnel, or trestle which is owned by the state or by the
17 United States and which is used or to be used primarily for foot or
18 vehicular traffic during the course of the building of such street,

1 place, road, highway, easement, right of way, bridge, tunnel, or
2 trestle.

3 (2) The exemption provided by this section does not apply:

4 (a) To any project for which a sales and use tax deferral
5 certificate has been issued by the department under RCW 47.46.060; and

6 (b) Unless at least ninety percent of the cost of the project will
7 be recovered through tolls or other direct user fees.

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

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

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

15 (1) The provisions of this chapter do not apply with respect to the
16 use of tangible personal property that becomes an ingredient or
17 component of any street, place, road, highway, easement, right of way,
18 bridge, tunnel, or trestle which is owned by the state or by the United
19 States and which is used or to be used primarily for foot or vehicular
20 traffic during the course of building.

21 (2) The eligibility requirements, conditions, and definitions in
22 section 1 of this act apply to this section.

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

25 (1) Any person, including the department of transportation and any
26 private entity or entities, may apply for deferral of taxes on the site
27 preparation for, the construction of, the acquisition of any related
28 machinery and equipment which will become a part of, and the rental of
29 equipment for use in the state route number 16 corridor improvements
30 project under this chapter. Application shall be made to the
31 department of revenue in a form and manner prescribed by the department
32 of revenue. The application shall contain information regarding
33 estimated or actual costs, time schedules for completion and operation,
34 and other information required by the department of revenue. The
35 department of revenue shall approve the application within sixty days
36 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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