

2SSB 5805 - S AMD 386

By Senators Schoesler, Rasmussen, Hatfield, Prentice, Zarelli

ADOPTED 04/09/2007

1 Strike everything after the enacting clause and insert the
2 following:

3 "Sec. 1. RCW 82.08.820 and 2006 c 354 s 11 are each amended to
4 read as follows:

5 (1) Wholesalers or third-party warehouse owners who own or operate
6 warehouses ~~((or))~~, grain elevators, or large grain elevator facilities,
7 and retailers who own or operate distribution centers, and who have
8 paid the tax levied by RCW 82.08.020 on:

9 (a) Material-handling and racking equipment ~~((r))~~ or large grain
10 elevator equipment and labor and services rendered in respect to
11 installing, repairing, cleaning, altering, or improving ~~((the))~~ all
12 such equipment; or

13 (b) Construction of a warehouse or grain elevator, or construction,
14 remodeling, repairing, cleaning, altering, or improving of a large
15 grain elevator, including materials, and including service and labor
16 costs,
17 are eligible for an exemption in the form of a remittance. The amount
18 of the remittance is computed under subsection (3) of this section and
19 is based on the state share of sales tax.

20 (2) For purposes of this section and RCW 82.12.820:

21 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

22 (b) "Cold storage warehouse" has the meaning provided in RCW
23 82.74.010;

24 (c) "Construction" means the actual construction of a warehouse
25 ~~((or))~~, grain elevator, or large grain elevator that did not exist
26 before the construction began. "Construction" includes expansion, but
27 in the case of a cold storage warehouse, only if the expansion adds at
28 least twenty-five thousand square feet of additional space to an
29 existing cold storage warehouse, or in the case of a warehouse other
30 than a cold storage warehouse, only if the expansion adds at least two

1 hundred thousand square feet of additional space to an existing
2 warehouse other than a cold storage warehouse, or (~~additional~~) in the
3 case of a grain elevator, only if the expansion adds storage capacity
4 of at least one million bushels to an existing grain elevator.
5 "Construction" does not include renovation, remodeling, or repair;

6 (d) "Department" means the department of revenue;

7 (e) "Distribution center" means a warehouse that is used
8 exclusively by a retailer solely for the storage and distribution of
9 finished goods to retail outlets of the retailer. "Distribution
10 center" does not include a warehouse at which retail sales occur;

11 (f) "Finished goods" means tangible personal property intended for
12 sale by a retailer or wholesaler. "Finished goods" does not include
13 agricultural products stored by wholesalers, third-party warehouses, or
14 retailers if the storage takes place on the land of the person who
15 produced the agricultural product. "Finished goods" does not include
16 logs, minerals, petroleum, gas, or other extracted products stored as
17 raw materials or in bulk;

18 (g) "Grain elevator" means a structure used for storage and
19 handling of grain in bulk;

20 (h) "Large grain elevator" means storage silos, tanks, conveyers
21 and their supports, scale towers, bins, electrical improvements,
22 scales, foundations, rails and rail beds, and other buildings primarily
23 used to handle, store, organize, condition, analyze, or convey grain,
24 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,
25 restrooms, maintenance buildings, control and computer systems used to
26 operate such facilities, and other space necessary for the operation of
27 the large grain elevator are considered part of the large grain
28 elevator as are loading docks and other such space or structures
29 attached or adjacent to the conveyers, and other necessary devices and
30 structures used to receive, convey, or discharge grain, oil seeds, and
31 byproducts thereof via means of waterborne, rail, highway, or
32 intermodal transport and used for handling of grain, oil seeds, and
33 byproducts thereof. Roads, landscaping, and parking lots are not
34 considered part of the large grain elevator. A storage yard is not a
35 large grain elevator nor is a structure in which manufacturing takes
36 place;

37 (~~(h)~~) (i) "Large grain elevator facility" means one or more

1 contiguous parcels of real property with one or more large grain
2 elevators with a combined capacity of at least three million bushels;

3 (j) "Large grain elevator equipment" means equipment within a large
4 grain elevator facility that is primarily used to handle, store,
5 organize, convey, condition, or analyze grain, oil seeds, and
6 byproducts thereof which is not defined as a large grain elevator. The
7 term includes tangible personal property with a useful life of one year
8 or more that becomes an ingredient or component of the equipment,
9 including repair and replacement parts. The term does not include
10 equipment in offices, lunchrooms, restrooms, and other like space,
11 within a large grain elevator facility, or equipment used for nonlarge
12 grain elevator purposes. "Large grain elevator equipment" includes but
13 is not limited to: Samplers, air compressors, quality analyzing
14 equipment, worker and environmental safety equipment, conditioning
15 equipment used to maintain quality, lifts, positioners, cranes, hoists,
16 mechanical arms, and robots; and forklifts and other off-the-road
17 vehicles that are used to lift or move tangible personal property and
18 that cannot be operated legally on roads and streets;

19 (k) "Material-handling equipment and racking equipment" means
20 equipment in a warehouse or grain elevator that is primarily used to
21 handle, store, organize, convey, package, or repackage finished goods.
22 The term includes tangible personal property with a useful life of one
23 year or more that becomes an ingredient or component of the equipment,
24 including repair and replacement parts. The term does not include
25 equipment in offices, lunchrooms, restrooms, and other like space,
26 within a warehouse or grain elevator, or equipment used for
27 nonwarehousing purposes. "Material-handling equipment" includes but is
28 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
29 place units, cranes, hoists, mechanical arms, and robots; mechanized
30 systems, including containers that are an integral part of the system,
31 whose purpose is to lift or move tangible personal property; and
32 automated handling, storage, and retrieval systems, including computers
33 that control them, whose purpose is to lift or move tangible personal
34 property; and forklifts and other off-the-road vehicles that are used
35 to lift or move tangible personal property and that cannot be operated
36 legally on roads and streets. "Racking equipment" includes, but is not
37 limited to, conveying systems, chutes, shelves, racks, bins, drawers,

1 pallets, and other containers and storage devices that form a necessary
2 part of the storage system;

3 ~~((i))~~ (l) "Person" has the meaning given in RCW 82.04.030;

4 ~~((j))~~ (m) "Retailer" means a person who makes "sales at retail"
5 as defined in chapter 82.04 RCW of tangible personal property;

6 ~~((k))~~ (n) "Square footage" means the product of the two
7 horizontal dimensions of each floor of a specific warehouse. The
8 entire footprint of the warehouse shall be measured in calculating the
9 square footage, including space that juts out from the building profile
10 such as loading docks. "Square footage" does not mean the aggregate of
11 the square footage of more than one warehouse at a location or the
12 aggregate of the square footage of warehouses at more than one
13 location;

14 ~~((l))~~ (o) "Third-party warehouse" means a person taxable under
15 RCW 82.04.280(4);

16 ~~((m))~~ (p) "Warehouse" means an enclosed building or structure in
17 which finished goods are stored. A warehouse building or structure may
18 have more than one storage room and more than one floor. Office space,
19 lunchrooms, restrooms, and other space within the warehouse and
20 necessary for the operation of the warehouse are considered part of the
21 warehouse as are loading docks and other such space attached to the
22 building and used for handling of finished goods. Landscaping and
23 parking lots are not considered part of the warehouse. A storage yard
24 is not a warehouse, nor is a building in which manufacturing takes
25 place; and

26 ~~((n))~~ (q) "Wholesaler" means a person who makes "sales at
27 wholesale" as defined in chapter 82.04 RCW of tangible personal
28 property, but "wholesaler" does not include a person who makes sales
29 exempt under RCW 82.04.330.

30 (3)(a) A person claiming an exemption from state tax in the form of
31 a remittance under this section must pay the tax imposed by RCW
32 82.08.020. The buyer may then apply to the department for remittance
33 of all or part of the tax paid under RCW 82.08.020. For grain
34 elevators with bushel capacity of one million but less than two
35 million, the remittance is equal to fifty percent of the amount of tax
36 paid. For warehouses with square footage of two hundred thousand or
37 more, other than cold storage warehouses, and for grain elevators with
38 bushel capacity of two million or more, the remittance is equal to one

1 hundred percent of the amount of tax paid for qualifying construction,
2 materials, service, and labor, and fifty percent of the amount of tax
3 paid for qualifying material-handling equipment and racking equipment,
4 and labor and services rendered in respect to installing, repairing,
5 cleaning, altering, or improving the equipment. For cold storage
6 warehouses with square footage of twenty-five thousand or more, the
7 remittance is equal to one hundred percent of the amount of tax paid
8 for qualifying construction, materials, service, and labor, and one
9 hundred percent of the amount of tax paid for qualifying material-
10 handling equipment and racking equipment, and labor and services
11 rendered in respect to installing, repairing, cleaning, altering, or
12 improving the equipment. For large grain elevator facilities, the
13 remittance is equal to one hundred percent of the amount of tax paid
14 for qualifying construction, remodeling, repairing, cleaning, altering,
15 or improving, and materials, service, and labor of large grain
16 elevators, and fifty percent of the amount of tax paid for qualifying
17 large grain elevator equipment, and labor and services rendered in
18 respect to installing, repairing, cleaning, altering, or improving the
19 equipment.

20 (b) The department shall determine eligibility under this section
21 based on information provided by the buyer and through audit and other
22 administrative records. The buyer shall on a quarterly basis submit an
23 information sheet, in a form and manner as required by the department
24 by rule, specifying the amount of exempted tax claimed and the
25 qualifying purchases or acquisitions for which the exemption is
26 claimed. The buyer shall retain, in adequate detail to enable the
27 department to determine whether the equipment or construction meets the
28 criteria under this section: Invoices; proof of tax paid; documents
29 describing the material-handling equipment and racking equipment or
30 large grain elevator equipment; location and size of warehouses
31 ~~((and))~~, grain elevators, and large grain elevator facilities; and
32 construction invoices and documents.

33 (c) The department shall on a quarterly basis remit exempted
34 amounts to qualifying persons who submitted applications during the
35 previous quarter.

36 (4) Warehouses, grain elevators, large grain elevators, large grain
37 elevator equipment, and material-handling equipment and racking
38 equipment for which an exemption, credit, or deferral has been or is

1 being received under chapter 82.60, 82.62, or 82.63 RCW or RCW
2 82.08.02565 or 82.12.02565 are not eligible for any remittance under
3 this section. Warehouses (~~and~~), grain elevators, and large grain
4 elevators upon which construction was initiated before May 20, 1997,
5 are not eligible for a remittance under this section.

6 (5) The lessor or owner of a warehouse (~~or~~), grain elevator, or
7 large grain elevator is not eligible for a remittance under this
8 section unless the underlying ownership of the warehouse (~~or~~), grain
9 elevator, or large grain elevator, and the material-handling equipment
10 and racking equipment or large grain elevator equipment vests
11 exclusively in the same person, or unless the lessor by written
12 contract agrees to pass the economic benefit of the remittance to the
13 lessee in the form of reduced rent payments.

14 **Sec. 2.** RCW 82.08.820 and 2006 c 354 s 11 are each amended to read
15 as follows:

16 (1) Wholesalers or third-party warehouse owners who own or operate
17 warehouses or grain elevators and retailers who own or operate
18 distribution centers, and who have paid the tax levied by RCW 82.08.020
19 on:

20 (a) Material-handling and racking equipment, or grain elevator
21 equipment, and labor and services rendered in respect to installing,
22 repairing, cleaning, altering, or improving (~~the~~) all such equipment;
23 or

24 (b) Construction of a warehouse, or construction, remodeling,
25 repairing, cleaning, altering, or improving of a grain elevator,
26 including materials, and including service and labor costs,
27 are eligible for an exemption in the form of a remittance. The amount
28 of the remittance is computed under subsection (3) of this section and
29 is based on the state share of sales tax.

30 (2) For purposes of this section and RCW 82.12.820:

31 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

32 (b) "Cold storage warehouse" has the meaning provided in RCW
33 82.74.010;

34 (c) "Construction" means the actual construction of a warehouse or
35 grain elevator that did not exist before the construction began.
36 "Construction" includes expansion, but in the case of a cold storage
37 warehouse, only if the expansion adds at least twenty-five thousand

1 square feet of additional space to an existing cold storage warehouse,
2 or in the case of a warehouse other than a cold storage warehouse, only
3 if the expansion adds at least two hundred thousand square feet of
4 additional space to an existing warehouse other than a cold storage
5 warehouse (~~, or additional storage capacity of at least one million~~
6 ~~bushels to an existing grain elevator~~). "Construction" does not
7 include renovation, remodeling, or repair;

8 (d) "Department" means the department of revenue;

9 (e) "Distribution center" means a warehouse that is used
10 exclusively by a retailer solely for the storage and distribution of
11 finished goods to retail outlets of the retailer. "Distribution
12 center" does not include a warehouse at which retail sales occur;

13 (f) "Finished goods" means tangible personal property intended for
14 sale by a retailer or wholesaler. "Finished goods" does not include
15 agricultural products stored by wholesalers, third-party warehouses, or
16 retailers if the storage takes place on the land of the person who
17 produced the agricultural product. "Finished goods" does not include
18 logs, minerals, petroleum, gas, or other extracted products stored as
19 raw materials or in bulk;

20 (g) "Grain elevator" means (~~a structure used for storage and~~
21 ~~handling of grain in bulk~~) storage silos, tanks, conveyers and their
22 supports, scale towers, bins, electrical improvements, scales,
23 foundations, rails and rail beds, and other buildings primarily used to
24 handle, store, organize, condition, analyze, or convey grain, oil
25 seeds, and byproducts thereof in bulk. Office space, lunchrooms,
26 restrooms, maintenance buildings, control and computer systems used to
27 operate such facilities, and other space necessary for the operation of
28 the grain elevator are considered part of the grain elevator as are
29 loading docks and other such space or structures attached or adjacent
30 to the conveyers, and other necessary devices and structures used to
31 receive, convey, or discharge grain, oil seeds, and byproducts thereof
32 via means of waterborne, rail, highway, or intermodal transport and
33 used for handling of grain, oil seeds, and byproducts thereof. Roads,
34 landscaping, and parking lots are not considered part of the grain
35 elevator. A storage yard is not a grain elevator nor is a structure in
36 which manufacturing takes place;

37 (h) "Grain exporting facility" means one or more contiguous parcels
38 of real property with one or more grain elevators;

1 (i) "Grain elevator equipment" means equipment within a grain
2 elevator facility that is primarily used to handle, store, organize,
3 convey, condition, or analyze grain, oil seeds, and byproducts thereof
4 which is not defined as a grain elevator. The term includes tangible
5 personal property with a useful life of one year or more that becomes
6 an ingredient or component of the equipment, including repair and
7 replacement parts. The term does not include equipment in offices,
8 lunchrooms, restrooms, and other like space, within a grain elevator
9 facility, or equipment used for nongrain elevator purposes. "Grain
10 elevator equipment" includes but is not limited to: Samplers, air
11 compressors, quality analyzing equipment, worker and environmental
12 safety equipment, conditioning equipment used to maintain quality,
13 lifts, positioners, cranes, hoists, mechanical arms, and robots; and
14 forklifts and other off-the-road vehicles that are used to lift or move
15 tangible personal property and that cannot be operated legally on roads
16 and streets;

17 (j) "Material-handling equipment and racking equipment" means
18 equipment in a warehouse or grain elevator that is primarily used to
19 handle, store, organize, convey, package, or repackage finished goods.
20 The term includes tangible personal property with a useful life of one
21 year or more that becomes an ingredient or component of the equipment,
22 including repair and replacement parts. The term does not include
23 equipment in offices, lunchrooms, restrooms, and other like space,
24 within a warehouse or grain elevator, or equipment used for
25 nonwarehousing purposes. "Material-handling equipment" includes but is
26 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
27 place units, cranes, hoists, mechanical arms, and robots; mechanized
28 systems, including containers that are an integral part of the system,
29 whose purpose is to lift or move tangible personal property; and
30 automated handling, storage, and retrieval systems, including computers
31 that control them, whose purpose is to lift or move tangible personal
32 property; and forklifts and other off-the-road vehicles that are used
33 to lift or move tangible personal property and that cannot be operated
34 legally on roads and streets. "Racking equipment" includes, but is not
35 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
36 pallets, and other containers and storage devices that form a necessary
37 part of the storage system;

38 ((+i)) (k) "Person" has the meaning given in RCW 82.04.030;

1 service, and labor relating to a grain elevator, and fifty percent of
2 the amount of tax paid for qualifying grain elevator equipment, and
3 labor and services rendered in respect to installing, repairing,
4 cleaning, altering, or improving the equipment. For warehouses with
5 square footage of two hundred thousand or more, other than cold storage
6 warehouses, ~~((and for grain elevators with bushel capacity of two~~
7 ~~million)) the remittance is equal to one hundred percent of the amount
8 of tax paid for qualifying construction, materials, service, and labor,
9 and fifty percent of the amount of tax paid for qualifying
10 material-handling equipment and racking equipment, and labor and
11 services rendered in respect to installing, repairing, cleaning,
12 altering, or improving the equipment. For cold storage warehouses with
13 square footage of twenty-five thousand or more, the remittance is equal
14 to one hundred percent of the amount of tax paid for qualifying
15 construction, materials, service, and labor, and ~~((fifty))~~ one hundred
16 percent of the amount of tax paid for qualifying material-handling
17 equipment and racking equipment, and labor and services rendered in
18 respect to installing, repairing, cleaning, altering, or improving the
19 equipment. ~~((For cold storage warehouses with square footage of~~
20 ~~twenty five thousand or more, the remittance is equal to one hundred~~
21 ~~percent of the amount of tax paid for qualifying construction,~~
22 ~~materials, service, and labor, and one hundred percent of the amount of~~
23 ~~tax paid for qualifying material handling equipment and racking~~
24 ~~equipment, and labor and services rendered in respect to installing,~~
25 ~~repairing, cleaning, altering, or improving the equipment.))~~~~

26 (b) The department shall determine eligibility under this section
27 based on information provided by the buyer and through audit and other
28 administrative records. The buyer shall on a quarterly basis submit an
29 information sheet, in a form and manner as required by the department
30 by rule, specifying the amount of exempted tax claimed and the
31 qualifying purchases or acquisitions for which the exemption is
32 claimed. The buyer shall retain, in adequate detail to enable the
33 department to determine whether the equipment or construction meets the
34 criteria under this section: Invoices; proof of tax paid; documents
35 describing the material-handling equipment and racking equipment or
36 grain elevator equipment; location and size of warehouses and grain
37 elevators; and construction invoices and documents.

1 (c) The department shall on a quarterly basis remit exempted
2 amounts to qualifying persons who submitted applications during the
3 previous quarter.

4 (4) Warehouses, grain elevators, (~~and~~) material-handling
5 equipment and racking equipment, and grain elevator equipment for which
6 an exemption, credit, or deferral has been or is being received under
7 chapter 82.60, 82.62, or 82.63 RCW or RCW 82.08.02565 or 82.12.02565
8 are not eligible for any remittance under this section. Warehouses
9 (~~and grain elevators~~) upon which construction was initiated before
10 May 20, 1997, are not eligible for a remittance under this section.

11 (5) The lessor or owner of a warehouse or grain elevator is not
12 eligible for a remittance under this section unless the underlying
13 ownership of the warehouse or grain elevator and the material-handling
14 equipment and racking equipment or grain elevator equipment vests
15 exclusively in the same person, or unless the lessor by written
16 contract agrees to pass the economic benefit of the remittance to the
17 lessee in the form of reduced rent payments.

18 **Sec. 3.** RCW 82.08.820 and 2006 c 354 s 12 are each amended to read
19 as follows:

20 (1) Wholesalers or third-party warehouse owners who own or operate
21 warehouses or grain elevators and retailers who own or operate
22 distribution centers, and who have paid the tax levied by RCW 82.08.020
23 on:

24 (a) Material-handling and racking equipment or grain elevator
25 equipment, and labor and services rendered in respect to installing,
26 repairing, cleaning, altering, or improving (~~the~~) all such equipment;
27 or

28 (b) Construction of a warehouse, or construction, remodeling,
29 repairing, cleaning, altering, or improving of a grain elevator,
30 including materials, and including service and labor costs, are
31 eligible for an exemption in the form of a remittance. The amount of
32 the remittance is computed under subsection (3) of this section and is
33 based on the state share of sales tax.

34 (2) For purposes of this section and RCW 82.12.820:

35 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

36 (b) "Construction" means the actual construction of a warehouse or
37 grain elevator that did not exist before the construction began.

1 "Construction" includes expansion, but in the case of a warehouse, only
2 if the expansion adds at least two hundred thousand square feet of
3 additional space to an existing warehouse (~~(or additional storage~~
4 ~~capacity of at least one million bushels to an existing grain~~
5 ~~elevator)~~). "Construction" does not include renovation, remodeling, or
6 repair;

7 (c) "Department" means the department of revenue;

8 (d) "Distribution center" means a warehouse that is used
9 exclusively by a retailer solely for the storage and distribution of
10 finished goods to retail outlets of the retailer. "Distribution
11 center" does not include a warehouse at which retail sales occur;

12 (e) "Finished goods" means tangible personal property intended for
13 sale by a retailer or wholesaler. "Finished goods" does not include
14 agricultural products stored by wholesalers, third-party warehouses, or
15 retailers if the storage takes place on the land of the person who
16 produced the agricultural product. "Finished goods" does not include
17 logs, minerals, petroleum, gas, or other extracted products stored as
18 raw materials or in bulk;

19 (f) "Grain elevator" means (~~(a structure used for storage and~~
20 ~~handling of grain in bulk)~~) silos, tanks, conveyers and their supports,
21 scale towers, bins, electrical improvements, scales, foundations, rails
22 and rail beds, and other buildings primarily used to handle, store,
23 organize, condition, analyze, or convey grain, oil seeds, and
24 byproducts thereof in bulk. Office space, lunchrooms, restrooms,
25 maintenance buildings, control and computer systems used to operate
26 such facilities, and other space necessary for the operation of the
27 grain elevator are considered part of the grain elevator as are loading
28 docks and other such space or structures attached or adjacent to the
29 conveyers, and other necessary devices and structures used to receive,
30 convey, or discharge grain, oil seeds, and byproducts thereof via means
31 of waterborne, rail, highway, or intermodal transport and used for
32 handling of grain, oil seeds, and byproducts thereof. Roads,
33 landscaping, and parking lots are not considered part of the grain
34 elevator. A storage yard is not a grain elevator nor is a structure in
35 which manufacturing takes place;

36 (g) "Grain elevator facility" means one or more contiguous parcels
37 of real property with one or more grain elevators;

1 (h) "Grain elevator equipment" means equipment within a grain
2 elevator facility that is primarily used to handle, store, organize,
3 convey, condition, or analyze grain, oil seeds, and byproducts thereof
4 which is not defined as a grain elevator. The term includes tangible
5 personal property with a useful life of one year or more that becomes
6 an ingredient or component of the equipment, including repair and
7 replacement parts. The term does not include equipment in offices,
8 lunchrooms, restrooms, and other like space, within a grain elevator
9 facility, or equipment used for nongrain elevator purposes. "Grain
10 elevator equipment" includes but is not limited to: Samplers, air
11 compressors, quality analyzing equipment, worker and environmental
12 safety equipment, conditioning equipment used to maintain quality,
13 lifts, positioners, cranes, hoists, mechanical arms, and robots; and
14 forklifts and other off-the-road vehicles that are used to lift or move
15 tangible personal property and that cannot be operated legally on roads
16 and streets;

17 (i) "Material-handling equipment and racking equipment" means
18 equipment in a warehouse or grain elevator that is primarily used to
19 handle, store, organize, convey, package, or repackage finished goods.
20 The term includes tangible personal property with a useful life of one
21 year or more that becomes an ingredient or component of the equipment,
22 including repair and replacement parts. The term does not include
23 equipment in offices, lunchrooms, restrooms, and other like space,
24 within a warehouse or grain elevator, or equipment used for
25 nonwarehousing purposes. "Material-handling equipment" includes but is
26 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-
27 place units, cranes, hoists, mechanical arms, and robots; mechanized
28 systems, including containers that are an integral part of the system,
29 whose purpose is to lift or move tangible personal property; and
30 automated handling, storage, and retrieval systems, including computers
31 that control them, whose purpose is to lift or move tangible personal
32 property; and forklifts and other off-the-road vehicles that are used
33 to lift or move tangible personal property and that cannot be operated
34 legally on roads and streets. "Racking equipment" includes, but is not
35 limited to, conveying systems, chutes, shelves, racks, bins, drawers,
36 pallets, and other containers and storage devices that form a necessary
37 part of the storage system;

38 ~~((h))~~ (j) "Person" has the meaning given in RCW 82.04.030;

1 ((+i)) (k) "Retailer" means a person who makes "sales at retail"
2 as defined in chapter 82.04 RCW of tangible personal property;

3 ((+j)) (l) "Square footage" means the product of the two
4 horizontal dimensions of each floor of a specific warehouse. The
5 entire footprint of the warehouse shall be measured in calculating the
6 square footage, including space that juts out from the building profile
7 such as loading docks. "Square footage" does not mean the aggregate of
8 the square footage of more than one warehouse at a location or the
9 aggregate of the square footage of warehouses at more than one
10 location;

11 ((+k)) (m) "Third-party warehouse" means a person taxable under
12 RCW 82.04.280(4);

13 ((+l)) (n) "Warehouse" means an enclosed building or structure in
14 which finished goods are stored. A warehouse building or structure may
15 have more than one storage room and more than one floor. Office space,
16 lunchrooms, restrooms, and other space within the warehouse and
17 necessary for the operation of the warehouse are considered part of the
18 warehouse as are loading docks and other such space attached to the
19 building and used for handling of finished goods. Landscaping and
20 parking lots are not considered part of the warehouse. A storage yard
21 is not a warehouse, nor is a building in which manufacturing takes
22 place; and

23 ((+m)) (o) "Wholesaler" means a person who makes "sales at
24 wholesale" as defined in chapter 82.04 RCW of tangible personal
25 property, but "wholesaler" does not include a person who makes sales
26 exempt under RCW 82.04.330.

27 (3)(a) A person claiming an exemption from state tax in the form of
28 a remittance under this section must pay the tax imposed by RCW
29 82.08.020. The buyer may then apply to the department for remittance
30 of all or part of the tax paid under RCW 82.08.020. For grain
31 elevators with combined bushel capacity of one million (~~but less than~~
32 ~~two million,~~) or more and for grain elevators required to be issued a
33 license by the department of agriculture under chapter 22.09 RCW or
34 required to be licensed by the federal government for purposes similar
35 to those of licensure under chapter 22.09 RCW but with bushel capacity
36 of less than one million the remittance is equal to ((fifty)) one
37 hundred percent of the amount of tax paid for qualifying construction,
38 remodeling, repairing, cleaning, altering, or improving, and materials,

1 service, and labor relating to a grain elevator, and fifty percent of
2 the amount of tax paid for qualifying grain elevator equipment, and
3 labor and services rendered in respect to installing, repairing,
4 cleaning, altering, or improving the equipment. For warehouses with
5 square footage of two hundred thousand or more (~~and for grain~~
6 ~~elevators with bushel capacity of two million or more~~), the remittance
7 is equal to one hundred percent of the amount of tax paid for
8 qualifying construction, materials, service, and labor, and fifty
9 percent of the amount of tax paid for qualifying material-handling
10 equipment and racking equipment, and labor and services rendered in
11 respect to installing, repairing, cleaning, altering, or improving the
12 equipment.

13 (b) The department shall determine eligibility under this section
14 based on information provided by the buyer and through audit and other
15 administrative records. The buyer shall on a quarterly basis submit an
16 information sheet, in a form and manner as required by the department
17 by rule, specifying the amount of exempted tax claimed and the
18 qualifying purchases or acquisitions for which the exemption is
19 claimed. The buyer shall retain, in adequate detail to enable the
20 department to determine whether the equipment or construction meets the
21 criteria under this section: Invoices; proof of tax paid; documents
22 describing the material-handling equipment and racking equipment or
23 grain elevator equipment; location and size of warehouses and grain
24 elevators; and construction invoices and documents.

25 (c) The department shall on a quarterly basis remit exempted
26 amounts to qualifying persons who submitted applications during the
27 previous quarter.

28 (4) Warehouses, grain elevators, (~~and~~) material-handling
29 equipment and racking equipment, and grain elevator equipment for which
30 an exemption, credit, or deferral has been or is being received under
31 chapter 82.60, 82.62, or 82.63 RCW or RCW 82.08.02565 or 82.12.02565
32 are not eligible for any remittance under this section. Warehouses
33 (~~and grain elevators~~) upon which construction was initiated before
34 May 20, 1997, are not eligible for a remittance under this section.

35 (5) The lessor or owner of a warehouse or grain elevator is not
36 eligible for a remittance under this section unless the underlying
37 ownership of the warehouse or grain elevator and the material-handling
38 equipment and racking equipment or grain elevator equipment vests

1 exclusively in the same person, or unless the lessor by written
2 contract agrees to pass the economic benefit of the remittance to the
3 lessee in the form of reduced rent payments.

4 **Sec. 4.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read
5 as follows:

6 (1) Wholesalers or third-party warehouseers who own or operate
7 warehouses (~~((or))~~), grain elevators, or large grain elevator facilities,
8 and retailers who own or operate distribution centers, and who have
9 paid the tax levied under RCW 82.12.020 on:

10 (a) Material-handling equipment and racking equipment or large
11 grain elevator equipment, and labor and services rendered in respect to
12 installing, repairing, cleaning, altering, or improving (~~((the))~~) all
13 such equipment; or

14 (b) Materials incorporated in the construction of a warehouse
15 (~~((or))~~), grain elevator, or construction, remodeling, repairing,
16 cleaning, altering, or improving of a large grain elevator(~~((r))~~) are
17 eligible for an exemption on tax paid in the form of a remittance or
18 credit against tax owed. The amount of the remittance or credit is
19 computed under subsection (2) of this section and is based on the state
20 share of use tax.

21 (2)(a) A person claiming an exemption from state tax in the form of
22 a remittance under this section must pay the tax imposed by RCW
23 82.12.020 to the department. The person may then apply to the
24 department for remittance of all or part of the tax paid under RCW
25 82.12.020. For grain elevators with bushel capacity of one million but
26 less than two million, the remittance is equal to fifty percent of the
27 amount of tax paid. For warehouses with square footage of two hundred
28 thousand or more, other than cold storage warehouses, and for grain
29 elevators with bushel capacity of two million or more, the remittance
30 is equal to one hundred percent of the amount of tax paid for
31 qualifying construction materials, and fifty percent of the amount of
32 tax paid for qualifying material-handling equipment and racking
33 equipment. For cold storage warehouses with square footage of twenty-
34 five thousand or more, the remittance is equal to one hundred percent
35 of the amount of tax paid for qualifying construction, materials,
36 service, and labor, and one hundred percent of the amount of tax paid
37 for qualifying material-handling equipment and racking equipment, and

1 labor and services rendered in respect to installing, repairing,
2 cleaning, altering, or improving the equipment. For large grain
3 elevator facilities the remittance is equal to one hundred percent of
4 the amount of tax paid for materials for qualifying construction,
5 remodeling, repairing, cleaning, altering, or improving, and fifty
6 percent of the amount of tax paid for qualifying large grain elevator
7 equipment.

8 (b) The department shall determine eligibility under this section
9 based on information provided by the buyer and through audit and other
10 administrative records. The buyer shall on a quarterly basis submit an
11 information sheet, in a form and manner as required by the department
12 by rule, specifying the amount of exempted tax claimed and the
13 qualifying purchases or acquisitions for which the exemption is
14 claimed. The buyer shall retain, in adequate detail to enable the
15 department to determine whether the equipment or construction meets the
16 criteria under this section: Invoices; proof of tax paid; documents
17 describing the material-handling equipment and racking equipment or
18 large grain elevator equipment; location and size of warehouses, (~~if~~
19 ~~applicable~~) grain elevators, and large grain elevator facilities; and
20 construction invoices and documents.

21 (c) The department shall on a quarterly basis remit or credit
22 exempted amounts to qualifying persons who submitted applications
23 during the previous quarter.

24 (3) Warehouses, grain elevators, (~~and~~) large grain elevators,
25 large grain elevator equipment, and material-handling equipment and
26 racking equipment, for which an exemption, credit, or deferral has been
27 or is being received under chapter 82.60, (~~82.61,~~) 82.62, or 82.63
28 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any
29 remittance under this section. Materials incorporated in warehouses
30 (~~and~~), grain elevators, and large grain elevators upon which
31 construction was initiated prior to May 20, 1997, are not eligible for
32 a remittance under this section.

33 (4) The lessor or owner of (~~the~~) a warehouse (~~or~~), grain
34 elevator, or large grain elevator is not eligible for a remittance or
35 credit under this section unless the underlying ownership of the
36 warehouse (~~or~~), grain elevator, or large grain elevator and the
37 material-handling equipment and racking equipment or large grain
38 elevator equipment vests exclusively in the same person, or unless the

1 lessor by written contract agrees to pass the economic benefit of the
2 (~~exemption~~) remittance to the lessee in the form of reduced rent
3 payments.

4 (5) The definitions in RCW 82.08.820 apply to this section.

5 **Sec. 5.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read
6 as follows:

7 (1) Wholesalers or third-party warehouse owners who own or operate
8 warehouses or grain elevators(~~(7)~~) and retailers who own or operate
9 distribution centers, and who have paid the tax levied under RCW
10 82.12.020 on:

11 (a) Material-handling equipment and racking equipment or grain
12 elevator equipment, and labor and services rendered in respect to
13 installing, repairing, cleaning, altering, or improving (~~(the)~~) all
14 such equipment; or

15 (b) Materials incorporated in the construction of a warehouse or
16 construction, remodeling, repairing, cleaning, altering, or improving
17 of a grain elevator(~~(7)~~) are eligible for an exemption on tax paid in
18 the form of a remittance or credit against tax owed. The amount of the
19 remittance or credit is computed under subsection (2) of this section
20 and is based on the state share of use tax.

21 (2)(a) A person claiming an exemption from state tax in the form of
22 a remittance under this section must pay the tax imposed by RCW
23 82.12.020 to the department. The person may then apply to the
24 department for remittance of all or part of the tax paid under RCW
25 82.12.020. For grain elevators with combined bushel capacity of one
26 million (~~(but less than two million)~~) or more and for grain elevators
27 required to be issued a license by the department of agriculture under
28 chapter 22.09 RCW or required to be licensed by the federal government
29 for purposes similar to those of licensure under chapter 22.09 RCW but
30 with bushel capacity of less than one million, the remittance is equal
31 to (~~(fifty)~~) one hundred percent of the amount of tax paid for
32 materials for qualifying construction, remodeling, repairing, cleaning,
33 altering, or improving of a grain elevator, and fifty percent of the
34 amount of tax paid for qualifying grain elevator equipment. For
35 warehouses with square footage of two hundred thousand or more, other
36 than cold storage warehouses, (~~(and for grain elevators with bushel~~
37 ~~capacity of two million or more,~~) the remittance is equal to one

1 hundred percent of the amount of tax paid for qualifying construction
2 materials, and fifty percent of the amount of tax paid for qualifying
3 material-handling equipment and racking equipment. For cold storage
4 warehouses with square footage of twenty-five thousand or more, the
5 remittance is equal to one hundred percent of the amount of tax paid
6 for qualifying construction, materials, service, and labor, and one
7 hundred percent of the amount of tax paid for qualifying material-
8 handling equipment and racking equipment, and labor and services
9 rendered in respect to installing, repairing, cleaning, altering, or
10 improving the equipment.

11 (b) The department shall determine eligibility under this section
12 based on information provided by the buyer and through audit and other
13 administrative records. The buyer shall on a quarterly basis submit an
14 information sheet, in a form and manner as required by the department
15 by rule, specifying the amount of exempted tax claimed and the
16 qualifying purchases or acquisitions for which the exemption is
17 claimed. The buyer shall retain, in adequate detail to enable the
18 department to determine whether the equipment or construction meets the
19 criteria under this section: Invoices; proof of tax paid; documents
20 describing the material-handling equipment and racking equipment or
21 grain elevator equipment; location and size of warehouses, (~~if~~
22 ~~applicable~~) grain elevators, and grain elevator facilities; and
23 construction invoices and documents.

24 (c) The department shall on a quarterly basis remit or credit
25 exempted amounts to qualifying persons who submitted applications
26 during the previous quarter.

27 (3) Warehouses, grain elevators, (~~and~~) grain elevator equipment,
28 and material-handling equipment and racking equipment, for which an
29 exemption, credit, or deferral has been or is being received under
30 chapter 82.60, (~~82.61~~) 82.62, or 82.63 RCW or RCW 82.08.02565 or
31 82.12.02565 are not eligible for any remittance under this section.
32 Materials incorporated in warehouses (~~and grain elevators~~) upon which
33 construction was initiated prior to May 20, 1997, are not eligible for
34 a remittance under this section.

35 (4) The lessor or owner of (~~the~~) a warehouse or grain elevator is
36 not eligible for a remittance or credit under this section unless the
37 underlying ownership of the warehouse or grain elevator and the
38 material-handling equipment and racking equipment or grain elevator

1 equipment vests exclusively in the same person, or unless the lessor by
2 written contract agrees to pass the economic benefit of the
3 (~~exemption~~) remittance to the lessee in the form of reduced rent
4 payments.

5 (5) The definitions in RCW 82.08.820 apply to this section.

6 **Sec. 6.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to read
7 as follows:

8 (1) Wholesalers or third-party warehouse owners who own or operate
9 warehouses or grain elevators(~~(7)~~) and retailers who own or operate
10 distribution centers, and who have paid the tax levied under RCW
11 82.12.020 on:

12 (a) Material-handling equipment and racking equipment or grain
13 elevator equipment, and labor and services rendered in respect to
14 installing, repairing, cleaning, altering, or improving (~~the~~) all
15 such equipment; or

16 (b) Materials incorporated in the construction of a warehouse or
17 construction, remodeling, repairing, cleaning, altering, or improving
18 of a grain elevator(~~(7)~~) are eligible for an exemption on tax paid in
19 the form of a remittance or credit against tax owed. The amount of the
20 remittance or credit is computed under subsection (2) of this section
21 and is based on the state share of use tax.

22 (2)(a) A person claiming an exemption from state tax in the form of
23 a remittance under this section must pay the tax imposed by RCW
24 82.12.020 to the department. The person may then apply to the
25 department for remittance of all or part of the tax paid under RCW
26 82.12.020. For grain elevators with bushel capacity of one million
27 (~~but less than two million, the remittance is equal to fifty percent~~
28 ~~of the amount of tax paid)) or more and for grain elevators required to
29 be issued a license by the department of agriculture under chapter
30 22.09 RCW or required to be licensed by the federal government for
31 purposes similar to those of licensure under chapter 22.09 RCW but with
32 bushel capacity of less than one million, the remittance is equal to
33 one hundred percent of the tax paid for materials for qualifying
34 construction, remodeling, repairing, cleaning, altering, or improving
35 of a grain elevator, and fifty percent of the amount of tax paid for
36 qualifying grain elevator equipment. For warehouses with square
37 footage of two hundred thousand or more (~~and for grain elevators with~~~~

1 ~~bushel capacity of two million or more~~)), the remittance is equal to
2 one hundred percent of the amount of tax paid for qualifying
3 construction materials, and fifty percent of the amount of tax paid for
4 qualifying material-handling equipment and racking equipment.

5 (b) The department shall determine eligibility under this section
6 based on information provided by the buyer and through audit and other
7 administrative records. The buyer shall on a quarterly basis submit an
8 information sheet, in a form and manner as required by the department
9 by rule, specifying the amount of exempted tax claimed and the
10 qualifying purchases or acquisitions for which the exemption is
11 claimed. The buyer shall retain, in adequate detail to enable the
12 department to determine whether the equipment or construction meets the
13 criteria under this section: Invoices; proof of tax paid; documents
14 describing the material-handling equipment and racking equipment or
15 grain elevator equipment; location and size of warehouses(~~, if~~
16 ~~applicable~~) and grain elevators; and construction invoices and
17 documents.

18 (c) The department shall on a quarterly basis remit or credit
19 exempted amounts to qualifying persons who submitted applications
20 during the previous quarter.

21 (3) Warehouses, grain elevators, (~~and~~) grain elevator equipment,
22 and material-handling equipment and racking equipment, for which an
23 exemption, credit, or deferral has been or is being received under
24 chapter 82.60, 82.62, or 82.63 RCW or RCW 82.08.02565 or 82.12.02565
25 are not eligible for any remittance under this section. Materials
26 incorporated in warehouses (~~and grain elevators~~) upon which
27 construction was initiated prior to May 20, 1997, are not eligible for
28 a remittance under this section.

29 (4) The lessor or owner of (~~the~~) a warehouse or grain elevator is
30 not eligible for a remittance or credit under this section unless the
31 underlying ownership of the warehouse or grain elevator and material-
32 handling equipment and racking equipment or grain elevator equipment
33 vests exclusively in the same person, or unless the lessor by written
34 contract agrees to pass the economic benefit of the (~~exemption~~)
35 remittance to the lessee in the form of reduced rent payments.

36 (5) The definitions in RCW 82.08.820 apply to this section.

1 NEW SECTION. **Sec. 7.** Sections 1 and 4 of this act are necessary
2 for the immediate preservation of the public peace, health, or safety,
3 or support of the state government and its existing public
4 institutions, and take effect July 1, 2007.

5 NEW SECTION. **Sec. 8.** Sections 2 and 5 of this act take effect
6 January 1, 2009.

7 NEW SECTION. **Sec. 9.** Sections 3 and 6 of this act take effect
8 July 1, 2012.

9 NEW SECTION. **Sec. 10.** Sections 1 and 4 of this act expire January
10 1, 2009.

11 NEW SECTION. **Sec. 11.** Sections 2 and 5 of this act expire July 1,
12 2012."

2SSB 5805 - S AMD

By Senators Schoesler, Rasmussen, Hatfield, Prentice, Zarelli

ADOPTED 04/09/2007

13 On page 1, line 1 of the title, after "elevators;" strike the
14 remainder of the title and insert "amending RCW 82.08.820, 82.08.820,
15 82.08.820, 82.12.820, 82.12.820, and 82.12.820; providing effective
16 dates; providing expiration dates; and declaring an emergency."

EFFECT: From July 1, 2007, to January 1, 2009, defines a "large grain elevator facility" as having a combined capacity of three million or more bushels. For this period, remodeling, repairing, cleaning, altering, or improving of a grain elevator are added as qualified construction activities for large grain elevator facilities. Creates a definition of "large grain elevator" and "large grain elevator equipment," adding additional items. The remittance of the state

portion of the sales and use tax for a large grain elevator facility is equal to one hundred percent of the amounts paid on construction activities and fifty percent for large grain elevator equipment.

After January 1, 2009, the "large grain elevator facility" category no longer exists. Amends the definition of "grain elevator" and adds a definition of "grain elevator equipment," adding additional items. Amends the definition of "construction" to delete the requirement that grain elevator facilities must add at least one million bushels of additional capacity. For any grain elevator facility that has a capacity of less than 1,000,000 bushels and is licensed by the department of agriculture under chapter 22.09 RCW or federal equivalent, and for those grain elevator facilities with a capacity of 1,000,000 bushels or more, the remittance of the state portion of the sales and use tax is one hundred percent of the amount of tax paid for qualifying construction activities and fifty percent for grain elevator equipment.

--- END ---