

SENATE BILL REPORT

SB 6339

As of January 26, 2010

Title: An act relating to a sales and use tax exemption for wax and ceramic materials used to create molds for ferrous and nonferrous investment castings.

Brief Description: Concerning a sales and use tax exemption for wax and ceramic materials used to create molds for ferrous and nonferrous investment castings.

Sponsors: Senators Hobbs and Pridemore.

Brief History:

Committee Activity: Ways & Means: 1/25/10.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Retail sales taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and digital products and some services. A retail sale is a sale to the final consumer or end-user of the property, product, or service and the tax is imposed on the consumer.

Tangible personal property which becomes an ingredient or component of another article for sale may be purchased for resale and sales tax does not apply. However, items of tangible personal property that are consumed during the manufacturing process, and do not become an ingredient or component of another article, are subject to the retail sales tax.

Summary of Bill: A sales tax exemption is provided for wax and ceramic materials used to make molds for creating ferrous and nonferrous investment castings used in industrial applications. The exemption also applies to labor or services used to create wax patterns and ceramic shells for ferrous and nonferrous investment castings.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Effective Date: The bill takes effect on July 1, 2010.

Staff Summary of Public Testimony: PRO: We started in Georgetown 25 years ago. Our business has grown with hard work and dedicated customers. We recently expanded to Montana and Rhode Island. Our foundry is the only one of its kind in Washington. We have expanded our workforce to over 180 employees. We were audited by the Department of Revenue last year, and they ruled that we are subject to tax on our wax and ceramic materials, as well as on the labor to create them. We were audited before and didn't have to pay this tax. This hits us at the worst possible time. Our profitability is neutral for the first time in our history. We are not threatening to leave the state; however, it may make sense to move some of the higher volume programs to other areas. We are the only foundry in the country paying sales tax on these processes.

Persons Testifying: PRO: Bert Robins, Mike Robins, Ty Ueland, Seacast Inc.