

SSB 5990 - S AMD 47

By Senator Ericksen

ADOPTED 2/27/2015

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.32
4 RCW to read as follows:

5 (1) The state sales and use taxes paid with funds appropriated in
6 an omnibus transportation appropriations act for transportation
7 projects that are not exempt under sections 2 and 3 of this act must
8 be transferred from the general fund to the connecting Washington
9 account created in chapter ... (Substitute Senate Bill No. 5987),
10 Laws of 2015.

11 (2) The transfer required under this section applies to:

12 (a) Between the effective date of this section and June 30, 2019,
13 transportation projects funded from the connecting Washington account
14 and any other projects identified by the legislature as connecting
15 Washington projects; and

16 (b) Beginning July 1, 2019, all transportation projects.

17 (3) Quarterly, beginning in the calendar quarter immediately
18 following the calendar quarter that this section is enacted into law,
19 the department of transportation must submit a report to the
20 department detailing the amount of state sales and use tax paid
21 during the previous calendar quarter for which this section is
22 applicable. The quarterly reports must contain such other information
23 as required by the department to administer this section; are due by
24 the tenth day of March, June, September, and December; and must be
25 provided in a form and manner acceptable to the department. The
26 department must notify the state treasurer of the amount of the
27 transfer by the last working day of each calendar quarter.

28 (4) For purposes of this section, "state sales and use tax" means
29 the taxes imposed under RCW 82.08.020 and 82.12.020, not reduced by
30 any sales or use taxes imposed under the authority of chapter 82.14
31 RCW that are deducted from or credited against the taxes imposed
32 under RCW 82.08.020 and 82.12.020.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
2 RCW to read as follows:

3 (1) The tax levied by RCW 82.08.020 does not apply to highway
4 improvement or preservation projects that are administered by the
5 state department of transportation, with respect to the sale of or
6 charges made for:

7 (a) Labor and services described in RCW 82.04.050(2)(b) and
8 rendered in respect to such highway improvement or preservation
9 projects; and

10 (b) Tangible personal property that becomes an ingredient or
11 component of such highway improvement or preservation projects.

12 (2) The exemption under this section applies to:

13 (a) Between the effective date of this section and June 30, 2019,
14 highway improvement or preservation projects as described in
15 subsection (1) of this section that are identified by the legislature
16 as connecting Washington projects; and

17 (b) Beginning July 1, 2019, all highway improvement or
18 preservation projects as described in subsection (1) of this section.

19 (3) The exemption under this section is available only when the
20 buyer provides the seller with an exemption certificate in a form and
21 manner prescribed by the department. The seller must retain a copy of
22 the certificate for the seller's files.

23 (4) For purposes of this section, "highway improvement or
24 preservation project" means the building, repairing, or improving of
25 a publicly owned highway, street, place, road, easement, right-of-
26 way, parking facility, bridge, tunnel, or trestle.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
28 RCW to read as follows:

29 (1) The tax levied by RCW 82.12.020 does not apply to the use of
30 tangible personal property that becomes an ingredient or component of
31 a highway improvement or preservation project administered by the
32 state department of transportation.

33 (2) The exemption under this section applies to:

34 (a) Between the effective date of this section and June 30, 2019,
35 the use of tangible personal property that becomes an ingredient or
36 component of a highway improvement or preservation project that is
37 identified by the legislature as a connecting Washington project; and

1 (b) Beginning July 1, 2019, the use of all tangible personal
2 property that becomes an ingredient or component of a highway
3 improvement or preservation project.

4 (3) For purposes of this section, "highway improvement or
5 preservation project" has the same meaning as defined in section 2(4)
6 of this act.

7 NEW SECTION. **Sec. 4.** The provisions of this act do not
8 constitute a tax preference as defined in RCW 82.32.805 and are not
9 subject to the provisions of RCW 82.32.805 or 82.32.808.

10 NEW SECTION. **Sec. 5.** (1) If a court of competent jurisdiction
11 enters a final judgment on the merits that is no longer subject to
12 appeal, preventing the state from collecting sales and use taxes from
13 federal contractors based on a claim of discrimination against
14 federal contractors in violation of the Supremacy Clause, sections 2
15 and 3 of this act expire as of the date that such judgment becomes
16 nonappealable.

17 (2) For purposes of this section:

18 (a) "Federal contractor" means any person that is defined as a
19 consumer under RCW 82.04.190 (3), (6), or (8), as a result of
20 performing work for the United States.

21 (b) "Sales and use taxes" means the taxes imposed in RCW
22 82.08.020 and 82.12.020.

23 NEW SECTION. **Sec. 6.** The department of revenue must provide
24 notice of the expiration date of sections 2 and 3 of this act to
25 taxpayers, the legislature, the office of the code reviser, and
26 others as deemed appropriate by the department.

27 NEW SECTION. **Sec. 7.** This act is necessary for the immediate
28 preservation of the public peace, health, or safety, or support of
29 the state government and its existing public institutions, and takes
30 effect July 1, 2015."

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1 On page 1, line 3 of the title, after "account;" strike the
2 remainder of the title and insert "adding a new section to chapter
3 82.32 RCW; adding a new section to chapter 82.08 RCW; adding a new
4 section to chapter 82.12 RCW; creating new sections; providing an
5 effective date; providing a contingent expiration date; and declaring
6 an emergency."

EFFECT: Exempts highway improvement and preservation projects that are administered by the state department of transportation from sales and use tax. The exemption applies only to projects that are identified as connecting Washington projects until July 1, 2019, and to all highway improvement and preservation projects that are administered by the state department of transportation after July 1, 2019. The transfer of state sales and use tax from the general fund to the connecting Washington account in the underlying bill is clarified to only apply to transportation projects that are funded in a transportation appropriations act that are not exempt from sales and use tax.

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