
SENATE BILL 6009

State of Washington

64th Legislature

2015 Regular Session

By Senator Parlette

Read first time 02/16/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to providing sales and use tax exemptions to
2 persons who suffered property damage in a catastrophic wildfire as
3 defined in this act; adding a new section to chapter 82.08 RCW;
4 adding a new section to chapter 82.12 RCW; creating a new section;
5 providing an effective date; and declaring an emergency.

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

7 NEW SECTION. **Sec. 1.** This section is the tax preference
8 performance statement for the tax preferences contained in sections 2
9 and 3 of this act. This performance statement is only intended to be
10 used for subsequent evaluation of the tax preferences. It is not
11 intended to create a private right of action by any party or be used
12 to determine eligibility for preferential tax treatment.

13 (1) The legislature categorizes these tax preferences as intended
14 to provide tax relief to certain individuals and businesses, as
15 indicated in RCW 82.32.808(2)(e).

16 (2) It is the legislature's specific public policy objective to
17 provide individuals and entities that suffered property damage caused
18 by the Carlton complex fire with sales and use tax exemptions for
19 qualifying purchases of services and tangible personal property
20 relating to (a) the rebuilding or restoring of structures destroyed
21 or damaged by the fire, (b) repairing tangible personal property

1 damaged by the fire, (c) replacing tangible personal property
2 destroyed or damaged by the fire, and (d) restoring and revegetating
3 land damaged by the fire.

4 (3) To measure the effectiveness of the exemptions provided in
5 this act in achieving the specific public policy objective described
6 in subsection (2) of this section, the joint legislative audit and
7 review committee must evaluate the fiscal impact of the sales and use
8 tax exemptions in this act. In order to obtain the data necessary to
9 perform the review in this subsection (3), the joint legislative
10 audit and review committee should refer to data maintained by the
11 department of revenue.

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

14 (1) Eligible consumers are exempt from the tax imposed in RCW
15 82.08.020 in accordance with this section on purchases made for the
16 following:

17 (a) Construction services purchased to rebuild or repair any
18 structures destroyed or damaged by a catastrophic wildfire;

19 (b) Tangible personal property purchased for the purpose of
20 incorporating the property as a component of a structure during the
21 course of rebuilding or repairing any structure destroyed or damaged
22 by a catastrophic wildfire;

23 (c) Labor and services rendered in respect to repairing tangible
24 personal property damaged by a catastrophic wildfire;

25 (d) Tangible personal property purchased to replace tangible
26 personal property destroyed or damaged by a catastrophic wildfire;

27 (e) Landscape maintenance and horticultural services purchased to
28 restore land damaged by a catastrophic wildfire; and

29 (f) Plant material purchased to revegetate lands damaged by a
30 catastrophic wildfire.

31 (2)(a) In order to claim the exemption under this section, an
32 eligible consumer must apply to the department for an exemption
33 certificate. A single application may be submitted for two or more
34 members of the same household who desire to make qualifying tax-
35 exempt purchases under this section. The application must include the
36 information necessary, as required by the department, to determine
37 that a consumer qualifies for the exemption under this section. Such
38 information may include copies of relevant insurance documents and
39 documents submitted to local, state, or federal agencies for the

1 purposes of reporting damage from a catastrophic wildfire. If the
2 application is for multiple members of the same household, the
3 application must also include the names of all members of the
4 applicant's household who would be making qualifying tax-exempt
5 purchases under this section.

6 (b) The department must issue exemption certificates to eligible
7 consumers and may assign a unique identification number to each
8 exemption certificate issued under this section. The department may
9 issue a single exemption certificate for approved applications
10 submitted for multiple members of the same household. In such cases,
11 each individual listed on the exemption certificate is entitled to
12 use the exemption certificate to make tax-exempt purchases authorized
13 under this section.

14 (c) Exemption certificates issued under this section expire July
15 1, 2017.

16 (3) An eligible consumer is not entitled to an exemption under
17 this section for any purchases made before the consumer received an
18 exemption certificate issued by the department in accordance with
19 subsection (2) of this section.

20 (4)(a) Sellers making tax-exempt sales under this section must
21 obtain from the purchaser a copy of the purchaser's exemption
22 certificate issued by the department under subsection (2) of this
23 section. The seller must retain a copy of the certificate for the
24 seller's files. In lieu of an exemption certificate, a seller may
25 capture the relevant data elements as allowed under the streamlined
26 sales and use tax agreement.

27 (b) Sellers making tax-exempt sales under this section must also
28 report gross retail sales on their excise tax returns and deduct the
29 exempt sales under this section from their reported gross sales. The
30 department must provide a unique deduction code to report the
31 deduction as required by this subsection (4)(b) for sellers that file
32 returns electronically using the department's online tax filing
33 service. The department must also include the deduction
34 identification code on its paper tax returns unless this may not be
35 accomplished without adding another page to the tax return or
36 reducing the existing font size of the deduction detail pages.

37 (5)(a) Any consumer using an exemption certificate for nonexempt
38 purchases must repay the taxes due under this chapter on such
39 purchases. Except as otherwise provided in this subsection, taxes due
40 under this subsection are subject to interest from the date of

1 purchase until the taxes due are paid in full, and a penalty of fifty
2 percent of the tax due, which is in addition to the penalty in RCW
3 82.08.050(10) and any other applicable penalties provided in chapter
4 82.32 RCW. However, the department may not impose both the fifty
5 percent penalty authorized in this subsection and the evasion penalty
6 under RCW 82.32.090(7) on the same tax due.

7 (b)(i) The taxes required to be repaid under this subsection are
8 not subject to interest or penalties if the amount due is self-
9 reported to the department and is accompanied with payment in full of
10 the amount of tax due. This relief from interest and penalties does
11 not apply if (A) the department previously notified the taxpayer in
12 writing that the department intended to review the taxpayer's use of
13 its exemption certificate for compliance with this section, or (B)
14 the taxpayer is required by subsection (6) of this section to repay
15 exempted amounts.

16 (ii) For taxes not self-reported to the department, interest does
17 not apply to taxes due under this subsection if the full amount of
18 taxes and penalties due is received within thirty days of the date of
19 the department's assessment of tax and penalties due under this
20 subsection.

21 (iii) For consumers not entitled to penalty relief under (b)(i)
22 of this subsection (5), other than consumers required by subsection
23 (6) of this section to repay exempted amounts, the department must
24 waive or cancel the penalty imposed under RCW 82.08.050(10) and
25 reduce the fifty percent penalty in (a) of this subsection (5) to
26 twenty-five percent if the consumer fully complies with every request
27 made by the department for information, documents, and to physically
28 inspect the consumer's property, for the purpose of evaluating the
29 consumer's compliance with this section and determining the correct
30 amount due under this subsection.

31 (c) Each household member listed on an exemption certificate is
32 jointly and severally liable for amounts due under this subsection
33 when any such household member uses the exemption certificate to make
34 nonexempt purchases.

35 (6) The department may physically inspect an applicant's property
36 to determine eligibility for an exemption certificate under this
37 section and compliance with this section in the use of an exemption
38 certificate. The department may deny an application for an exemption
39 certificate if the applicant refuses to allow the department to
40 inspect the applicant's property as authorized by this subsection. If

1 a holder of an exemption certificate refuses to allow the department
2 to inspect the holder's property, the holder's exemption certificate
3 under this section is no longer valid, and the holder must repay
4 previously exempted amounts as provided in subsection (5) of this
5 section.

6 (7) The definitions in this subsection apply throughout this
7 section unless the context clearly requires otherwise.

8 (a) "Catastrophic wildfire" means a wildfire that burned more
9 than two hundred fifty-five thousand acres within an area solely
10 comprised of parts of Okanogan county, Chelan county, and the
11 Colville Indian reservation.

12 (b) "Construction services" means services defined as a retail
13 sale in RCW 82.04.050(2) (b) and (d).

14 (c) "Eligible consumer" means a consumer who had property
15 destroyed or damaged by a catastrophic wildfire. Every member of the
16 same household whose name is listed on an exemption certificate is
17 also an eligible consumer.

18 (d) "Plant material" means any plant, including a tree or shrub,
19 and any part of a plant capable of reproduction.

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

22 (1) Eligible consumers are exempt from the tax imposed in RCW
23 82.12.020 on their use of the following:

24 (a) Tangible personal property incorporated as a component of a
25 structure during the course of rebuilding or repairing any structure
26 destroyed or damaged by a catastrophic wildfire;

27 (b) Labor and services rendered in respect to repairing tangible
28 personal property damaged by a catastrophic wildfire;

29 (c) Tangible personal property that replaces tangible personal
30 property destroyed or damaged by a catastrophic wildfire; and

31 (d) Plant material used to revegetate lands damaged by a
32 catastrophic wildfire.

33 (2) A consumer is not eligible for the exemption under this
34 section unless the department issued an exemption certificate to the
35 consumer for the exemption provided in section 2 of this act.

36 (3) The definitions, requirements, and conditions in section 2 of
37 this act apply to this section.

38 (4) The exemption provided in this section applies only with
39 respect to articles of tangible personal property and repair services

1 first used in this state on or after the date the consumer received a
2 department-issued exemption certificate under section 2 of this act,
3 but before July 1, 2017.

4 NEW SECTION. **Sec. 4.** This act is necessary for the immediate
5 preservation of the public peace, health, or safety, or support of
6 the state government and its existing public institutions, and takes
7 effect July 1, 2015.

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