
Finance Committee

HB 2894

Brief Description: Concerning the taxation of concrete pumping services.

Sponsors: Representatives Blake and Van Werven.

Brief Summary of Bill

- Defines concrete pumping services for purposes of the business and occupation tax and retail sales tax.

Hearing Date: 2/10/20

Staff: Nick Tucker (786-7383).

Background:

Retail Sales and Use Tax.

Retail sales taxes are imposed on retail sales of most articles of tangible personal property, digital products, and some services. A retail sale is a sale to the final consumer or end user of the property, digital product, or service. If retail sales taxes were not collected when the user acquired the property, digital products, or services, then use tax applies to the value of property, digital product, or service when used in this state. The state, all counties, and all cities levy retail sales and use taxes. The state sales and use tax rate is 6.5 percent; local sales and use tax rates vary from 0.5 percent to 3.9 percent, depending on the location.

Business and Occupation Tax.

Washington's major business tax is the business and occupation (B&O) tax. The B&O tax is imposed on the gross receipts of business activities conducted within the state, without any deduction for the costs of doing business. Businesses must pay the B&O tax even though they may not have any profits or may be operating at a loss. A taxpayer may have more than one B&O tax rate, depending on the types of activities conducted. Major B&O tax rates are 0.471 percent for retailing; 0.484 percent for manufacturing, wholesaling, and extracting; and 1.5

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percent for services and for activities not classified elsewhere. Several preferential rates also apply to specific business activities.

Concrete Pumping Service.

Customers, such as construction contractors, purchase concrete from another vendor who delivers the material to a job site in a ready-mix concrete truck (cement mixer). The cement mixer discharges the ready mixed concrete into the bay of the concrete pumping truck, and the concrete pumping service provider provides the use of the concrete pumping equipment with an operator. The equipment is used to distribute and place concrete to customer specification.

Concrete pumping services are considered construction services for taxation purposes. The service is generally subject to retailing B&O and retail sales tax. A transaction that includes concrete pumping activity mixed with other activities is taxed based on the primary purpose of the transaction.

Summary of Bill:

"Concrete pumping services" is defined as the service of delivering a concrete pump to a job site that includes an individual to control the operation of the pump and the output of concrete. The term does not include the sale of tangible personal property, including concrete.

The terms "constructing," "building," "repairing," "decorating," or "improving," when used in the context of services provided in respect to real property, include concrete pumping services.

Appropriation: None.

Fiscal Note: Requested on February 8, 2020.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.