
HOUSE BILL 1987

State of Washington

66th Legislature

2019 Regular Session

By Representatives Sullivan, Stokesbary, Tarleton, and Chapman

Read first time 02/11/19. Referred to Committee on Finance.

1 AN ACT Relating to exempting certain construction-related
2 services from sales tax; amending RCW 82.04.051; creating a new
3 section; and providing an expiration date.

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

5 **Sec. 1.** RCW 82.04.051 and 1999 c 212 s 2 are each amended to
6 read as follows:

7 (1) As used in RCW 82.04.050, the term "services rendered in
8 respect to" means those services that are directly related to the
9 constructing, building, repairing, improving, and decorating of
10 buildings or other structures and that are performed by a person who
11 is responsible for the performance of the constructing, building,
12 repairing, improving, or decorating activity. The term does not
13 include services such as engineering, architectural, surveying,
14 flagging, accounting, legal, consulting, or administrative services
15 provided to the consumer of, or person responsible for performing,
16 the constructing, building, repairing, improving, or decorating
17 services.

18 (2) A contract or agreement under which a person is responsible
19 for both services that would otherwise be subject to tax as a service
20 under RCW 82.04.290(2) and also constructing, building, repairing,
21 improving, or decorating activities that would otherwise be subject

1 to tax under another section of this chapter is subject to the tax
2 that applies to the predominant activity under the contract or
3 agreement.

4 (3) Unless otherwise provided by law, a contract or agreement
5 under which a person is responsible for activities that are subject
6 to tax as a service under RCW 82.04.290(2), and a subsequent contract
7 or agreement under which the same person is responsible for
8 constructing, building, repairing, improving, or decorating
9 activities subject to tax under another section of this chapter,
10 shall not be combined and taxed as a single activity if at the time
11 of the first contract or agreement it was not contemplated by the
12 parties, as evidenced by the facts, that the same person would be
13 awarded both contracts.

14 (4) As used in this section "responsible for the performance"
15 means that the person is legally obligated to perform the
16 constructing, building, repairing, improving, or decorating
17 activities, either personally or through a third party. ((A person
18 who reviews work for a consumer, retailer, or wholesaler but does not
19 supervise or direct the work is not responsible for the performance
20 of the work. A person who is financially obligated for the work, such
21 as a bank, but who does not have control over the work itself is not
22 responsible for the performance of the work.)) The following persons

23 are not responsible for the performance of the constructing,
24 building, repairing, improving, or decorating activities:

25 (a) A person who is financially obligated for the constructing,
26 building, repairing, improving, or decorating activities, such as a
27 bank, but who does not have control over the actual constructing,
28 building, repairing, improving, or decorating activities;

29 (b) A person who, for a consumer, retailer, or wholesaler,
30 reviews, supervises, or directs the constructing, building,
31 repairing, improving, or decorating activities, so long as the person
32 is not also legally obligated to the consumer, retailer, or
33 wholesaler to perform, directly or indirectly through a third party,
34 the actual constructing, building, repairing, improving, or
35 decorating activities.

36 NEW SECTION. Sec. 2. The provisions of RCW 82.32.808 do not
37 apply to this act.

1 NEW SECTION. **Sec. 3.** This act expires January 1, 2030.

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