
HOUSE BILL 2236

State of Washington

66th Legislature

2020 Regular Session

By Representatives Ybarra, Springer, Dent, Goodman, Stokesbary, Hoff, Wylie, Kraft, Orcutt, and Irwin

Prefiled 12/12/19. Read first time 01/13/20. Referred to Committee on Finance.

1 AN ACT Relating to sales and use tax exemptions for large private
2 airplanes; amending RCW 82.08.215, 82.12.215, 47.68.250, and
3 82.48.100; amending 2013 2nd sp.s. c 13 ss 1101 and 1906
4 (uncodified); reenacting and amending RCW 82.48.100; providing an
5 effective date; and providing expiration dates.

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

7 **Sec. 1.** RCW 82.08.215 and 2013 2nd sp.s. c 13 s 1103 are each
8 amended to read as follows:

9 (1) (a) The tax levied by RCW 82.08.020 does not apply to:

10 (i) Sales of large private airplanes to nonresidents of this
11 state; and

12 (ii) Sales of or charges made for labor and services rendered in
13 respect to repairing, cleaning, altering, or improving large private
14 airplanes owned by nonresidents of this state.

15 (b) The exemption provided by this section applies only when the
16 large private airplane is not required to be registered with the
17 department of transportation, or its successor, under chapter 47.68
18 RCW. The airplane owner or lessee claiming an exemption under this
19 section must provide the department, upon request, a copy of the
20 written statement required under RCW 47.68.250(5)(c)(ii) documenting

1 the airplane's registration exemption and any additional information
2 the department may require.

3 (2) Sellers making tax-exempt sales under this section must
4 obtain an exemption certificate from the buyer in a form and manner
5 prescribed by the department. The seller must retain a copy of the
6 exemption certificate for the seller's files. In lieu of an exemption
7 certificate, a seller may capture the relevant data elements as
8 allowed under the streamlined sales and use tax agreement. For
9 sellers who electronically file their taxes, the department must
10 provide a separate tax reporting line for exemption amounts claimed
11 under this section.

12 (3) Upon request, the department of transportation must provide
13 to the department of revenue information needed by the department of
14 revenue to verify eligibility under this section.

15 (4) For purposes of this section "large private airplane" means
16 an airplane not used in interstate commerce, not owned or leased by a
17 government entity, weighing more than forty-one thousand pounds, and
18 assigned a category A, B, C, or D test flow management system
19 aircraft weight class by the federal aviation administration's office
20 of aviation policy and plans.

21 (5) This section expires July 1, 2031.

22 **Sec. 2.** RCW 82.12.215 and 2013 2nd sp.s. c 13 s 1104 are each
23 amended to read as follows:

24 (1) (a) The tax levied by RCW 82.12.020 does not apply to the use
25 of:

26 (i) Large private airplanes owned by nonresidents of this state;
27 and

28 (ii) Labor and services rendered in respect to repairing,
29 cleaning, altering, or improving large private airplanes owned by
30 nonresidents of this state.

31 (b) The exemption provided by this section applies only when the
32 large private airplane is not required to be registered with the
33 department of transportation, or its successor, under chapter 47.68
34 RCW. The airplane owner or lessee claiming an exemption under this
35 section must provide the department, upon request, a copy of the
36 written statement required under RCW 47.68.250(5)(c)(ii) documenting
37 the airplane's registration exemption and any additional information
38 the department may require.

1 (2) Upon request, the department of transportation must provide
2 to the department of revenue information needed by the department of
3 revenue to verify eligibility under this section.

4 (3) For purposes of this section, the conditions, limitation, and
5 definitions in RCW 82.08.215 apply to this section.

6 (4) This section expires July 1, 2031.

7 **Sec. 3.** RCW 47.68.250 and 2017 3rd sp.s. c 25 s 46 are each
8 amended to read as follows:

9 (1) Every aircraft must be registered with the department for
10 each calendar year in which the aircraft is operated or is based
11 within this state. A fee of fifteen dollars is charged for each such
12 registration and each annual renewal thereof.

13 (2) Possession of the appropriate effective federal certificate,
14 permit, rating, or license relating to ownership and airworthiness of
15 the aircraft, and payment of the excise tax imposed by Title 82 RCW
16 for the privilege of using the aircraft within this state during the
17 year for which the registration is sought, and payment of the
18 registration fee required by this section are the only requisites for
19 registration of an aircraft under this section.

20 (3) The registration fee imposed by this section is payable to
21 and collected by the secretary. The fee for any calendar year must be
22 paid during the month of January, and collected by the secretary at
23 the time of the collection by him or her of the (~~said~~) excise tax.
24 If the secretary is satisfied that the requirements for registration
25 of the aircraft have been met, he or she must issue to the owner of
26 the aircraft a certificate of registration therefor. The secretary
27 must pay to the state treasurer the registration fees collected under
28 this section, which registration fees must be credited to the
29 aeronautics account.

30 (4) It is not necessary for the registrant to provide the
31 secretary with originals or copies of federal certificates, permits,
32 ratings, or licenses. The secretary must issue certificates of
33 registration, or such other evidences of registration or payment of
34 fees as he or she may deem proper; and in connection therewith may
35 prescribe requirements for the possession and exhibition of such
36 certificates or other evidences.

37 (5) The provisions of this section do not apply to:

38 (a) An aircraft owned by and used exclusively in the service of
39 any government or any political subdivision thereof, including the

1 government of the United States, any state, territory, or possession
2 of the United States, or the District of Columbia, which is not
3 engaged in carrying persons or property for commercial purposes;

4 (b) An aircraft registered under the laws of a foreign country;

5 (c) An aircraft (~~(which)~~) that is owned by a nonresident (~~(and~~
6 ~~registered in another state. However, if said aircraft remains in~~
7 ~~and/or is based in this state for a period of ninety days or longer~~
8 ~~it is not exempt under this section)~~) if:

9 (i) The aircraft remains in this state or is based in this state,
10 or both, for a period less than ninety days; or

11 (ii) The aircraft is a large private airplane as defined in RCW
12 82.08.215 and remains in this state for a period of ninety days or
13 longer, but only when:

14 (A) The airplane is in this state exclusively for the purpose of
15 repairs, alterations, or reconstruction, including any flight testing
16 related to the repairs, alterations, or reconstruction, or for the
17 purpose of continual storage of not less than one full calendar year;

18 (B) An employee of the facility providing these services is on
19 board the airplane during any flight testing; and

20 (C) Within ninety days of the date the airplane first arrived in
21 this state during the calendar year, the nonresident files a written
22 statement with the department indicating that the airplane is exempt
23 from registration under this subsection (5)(c)(ii). The written
24 statement must be filed in a form and manner prescribed by the
25 department and must include such information as the department
26 requires. The department may require additional periodic verification
27 that the airplane remains exempt from registration under this
28 subsection (5)(c)(ii) and that written statements conform with the
29 provisions of chapter 5.50 RCW;

30 (d) An aircraft engaged principally in commercial flying
31 constituting an act of interstate or foreign commerce;

32 (e) An aircraft owned by the commercial manufacturer thereof
33 while being operated for test or experimental purposes, or for the
34 purpose of training crews for purchasers of the aircraft;

35 (f) An aircraft being held for sale, exchange, delivery, test, or
36 demonstration purposes solely as stock in trade of an aircraft dealer
37 licensed under Title 14 RCW; and

38 (g) An aircraft based within the state that is in an unairworthy
39 condition, is not operated within the registration period, and has
40 obtained a written exemption issued by the secretary.

1 (6) The secretary must be notified within thirty days of any
2 change in ownership of a registered aircraft. The notification must
3 contain the N, NC, NR, NL, or NX number of the aircraft, the full
4 name and address of the former owner, and the full name and address
5 of the new owner. For failure to so notify the secretary, the
6 registration of that aircraft may be canceled by the secretary,
7 subject to reinstatement upon application and payment of a
8 reinstatement fee of ten dollars by the new owner.

9 (7) A municipality or port district that owns, operates, or
10 leases an airport, as defined in RCW 47.68.020, with the intent to
11 operate, must require from an aircraft owner proof of aircraft
12 registration as a condition of leasing or selling tiedown or hangar
13 space for an aircraft. It is the responsibility of the lessee or
14 purchaser to register the aircraft. Proof of registration must be
15 provided according to the following schedule:

16 (a) For the purchase of tiedown or hangar space, the municipality
17 or port district must allow the purchaser thirty days from the date
18 of the application for purchase to produce proof of aircraft
19 registration.

20 (b) For the lease of tiedown or hangar space that extends thirty
21 days or more, the municipality or port district must allow the lessee
22 thirty days to produce proof of aircraft registration from the date
23 of the application for lease of tiedown or hangar space.

24 (c) For the lease of tiedown or hangar space that extends less
25 than thirty days, the municipality or port district must allow the
26 lessee to produce proof of aircraft registration at any point prior
27 to the final day of the lease.

28 (8) The airport must work with the aviation division to assist in
29 its efforts to register aircraft by providing information about based
30 aircraft on an annual basis as requested by the division.

31 **Sec. 4.** RCW 82.48.100 and 2013 2nd sp.s. c 13 s 1105 are each
32 reenacted and amended to read as follows:

33 This chapter does not apply to:

34 (1) Aircraft owned by and used exclusively in the service of any
35 government or any political subdivision thereof, including the
36 government of the United States, any state, territory, or possession
37 of the United States, or the District of Columbia, which are not
38 engaged in carrying persons or property for commercial purposes;

39 (2) Aircraft registered under the laws of a foreign country;

1 (3) Aircraft that are owned by a nonresident and registered in
2 another state, if the aircraft remains in this state or is based in
3 this state, or both, for a period less than ninety days;

4 (4) (a) Aircraft engaged principally in commercial flying that
5 constitutes interstate or foreign commerce, except as provided in (b)
6 of this subsection.

7 (b) The exemption provided by (a) of this subsection does not
8 apply to aircraft engaged principally in commercial flying that
9 constitutes interstate or foreign commerce when such aircraft will be
10 in this state exclusively for the purpose of continual storage of not
11 less than one full calendar year;

12 (5) Aircraft owned by the manufacturer thereof while being
13 operated for test or experimental purposes, or for the purpose of
14 training crews for purchasers of the aircraft;

15 (6) Aircraft being held for sale, exchange, delivery, test, or
16 demonstration purposes solely as stock in trade of an aircraft dealer
17 licensed under Title 14 RCW; and

18 (7) Aircraft owned by a nonresident of this state if the aircraft
19 is kept at an airport in this state and that airport is jointly owned
20 or operated by a municipal corporation or other governmental entity
21 of this state and a municipal corporation or other governmental
22 entity of another state, and the owner or operator of the aircraft
23 provides the department with proof that the owner or operator has
24 paid all taxes, license fees, and registration fees required by the
25 state in which the owner or operator resides (~~;~~ and

26 ~~(8) Aircraft that are: (a) Owned by a nonprofit organization that~~
27 ~~is exempt from federal income taxation under 26 U.S.C. Sec. 501(c)(3)~~
28 ~~of the federal internal revenue code; and (b) exclusively used to~~
29 ~~provide emergency medical transportation services)).~~

30 **Sec. 5.** RCW 82.48.100 and 1999 c 302 s 3 are each amended to
31 read as follows:

32 This chapter (~~shall~~) does not apply to:

33 (1) Aircraft owned by and used exclusively in the service of any
34 government or any political subdivision thereof, including the
35 government of the United States, any state, territory, or possession
36 of the United States, or the District of Columbia, which are not
37 engaged in carrying persons or property for commercial purposes;

38 (2) Aircraft registered under the laws of a foreign country;

1 (3) Aircraft ((which)) that are owned by a nonresident and
2 registered in another state((: PROVIDED, That if any such aircraft
3 shall remain in and/or be based in this state for a period of ninety
4 days or longer it shall not be exempt under this section)), if the
5 aircraft remains in this state or is based in this state, or both,
6 for a period less than ninety days;

7 (4) (a) Aircraft engaged principally in commercial flying
8 ((which)) that constitutes interstate or foreign commerce, except as
9 provided in (b) of this subsection.

10 (b) The exemption provided by (a) of this subsection does not
11 apply to aircraft engaged principally in commercial flying that
12 constitutes interstate or foreign commerce when such aircraft will be
13 in this state exclusively for the purpose of continual storage of not
14 less than one full calendar year; ((and))

15 (5) Aircraft owned by the manufacturer thereof while being
16 operated for test or experimental purposes, or for the purpose of
17 training crews for purchasers of the aircraft;

18 (6) Aircraft being held for sale, exchange, delivery, test, or
19 demonstration purposes solely as stock in trade of an aircraft dealer
20 licensed under Title 14 RCW; and

21 (7) Aircraft owned by a nonresident of this state if the aircraft
22 is kept at an airport in this state and that airport is jointly owned
23 or operated by a municipal corporation or other governmental entity
24 of this state and a municipal corporation or other governmental
25 entity of another state, and the owner or operator of the aircraft
26 provides the department with proof that the owner or operator has
27 paid all taxes, license fees, and registration fees required by the
28 state in which the owner or operator resides.

29 NEW SECTION. Sec. 6. Sections 3 and 5 of this act take effect
30 July 1, 2021.

31 NEW SECTION. Sec. 7. Sections 3 and 5 of this act expire July
32 1, 2031.

33 NEW SECTION. Sec. 8. Section 4 of this act expires July 1,
34 2021.

35 **Sec. 9.** 2013 2nd sp.s. c 13 s 1101 (uncodified) is amended to
36 read as follows:

1 (1) The legislature intends to promote the economic development
2 of our state's aerospace cluster and increase the tax revenues
3 collected by the state through promoting a competitive marketplace
4 for storing and modifying unfurnished, noncommercial aircraft. The
5 legislature finds that Washington is currently losing these types of
6 jobs to other states, resulting in the loss of high-wage jobs and new
7 tax revenue. Further, the legislature finds that the current tax
8 statutes are an impediment to encouraging the development of
9 aerospace clusters in our state. Therefore, the legislature intends
10 to modify our state's tax policy to encourage aerospace cluster
11 development within the state and increase tax revenues.

12 (2) The joint legislative audit and review committee, as part of
13 its tax preference review process, must estimate the net impact on
14 state tax revenues by comparing the decrease in state revenues
15 resulting from the changes made in (~~part XI of this act~~) sections 1
16 through 5, chapter . . ., Laws of 2020 (sections 1 through 5 of this
17 act) and sections 1101 through 1105, chapter 13, Laws of 2013 2nd sp.
18 sess. to the additional tax revenues generated from the direct,
19 indirect, and induced economic impacts from those changes. The
20 committee must also, to the extent practicable, estimate job growth
21 in the aerospace cluster resulting from the changes made in (~~part XI~~
22 ~~of this act~~) sections 1 through 5, chapter . . ., Laws of 2020
23 (sections 1 through 5 of this act) and sections 1101 through 1105,
24 chapter 13, Laws of 2013 2nd sp. sess. The committee must conduct its
25 tax preference review of (~~part XI of this act~~) sections 1 through
26 5, chapter . . ., Laws of 2020 (sections 1 through 5 of this act) and
27 sections 1101 through 1105, chapter 13, Laws of 2013 2nd sp. sess.
28 during calendar years 2016 and 2026 and report its findings and
29 recommendations to the legislature by January 1, 2017, and January 1,
30 2027.

31 **Sec. 10.** 2013 2nd sp.s. c 13 s 1906 (uncodified) is amended to
32 read as follows:

33 (~~Part XI of this act expires~~) Sections 1102 and 1105, chapter
34 13, Laws of 2013 2nd sp. sess. expire July 1, 2021.

--- END ---