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HOUSE BILL 2880

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State of Washington

66th Legislature

2020 Regular Session

By Representatives Dent, Chandler, and Barkis

Read first time 01/28/20. Referred to Committee on Finance.

1 AN ACT Relating to sales and use tax exemptions for aircraft fuel  
2 used for research and development purposes; adding a new section to  
3 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW;  
4 creating a new section; and providing expiration dates.

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

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

8 (1) A taxpayer who has paid the tax levied by RCW 82.08.020 on  
9 aircraft fuel used in the operation of an aircraft for research and  
10 development purposes, related to the aircraft or components thereof,  
11 and meets the criteria of this section, is eligible for an exemption  
12 in the form of a remittance.

13 (2) To be eligible for an exemption under the provisions of this  
14 section:

15 (a) In cases of an initial request, a taxpayer must, in the  
16 twelve months preceding the date of the request, hire and retain at  
17 least twenty new full-time equivalent employees whose primary duties  
18 are related to the research and development for which the exemption  
19 is made; or

1 (b) For requests made in subsequent years, a taxpayer must  
2 continue to retain the minimum of twenty full-time equivalent  
3 employees as required in (a) of this subsection.

4 (3) Any taxpayer claiming exemption from retail sales tax under  
5 the provisions of this section must pay the state and local sales tax  
6 to the seller at the time of purchase and then request a remittance  
7 from the department in accordance with this subsection and subsection  
8 (4) of this section. The request for a remittance must include any  
9 information and documentation as required by the department, which  
10 may include the sales price and amount of aircraft fuel purchased,  
11 the amount of sales tax paid on the item, the date of the purchase,  
12 the name of the seller and the physical address where the sale took  
13 place, and copies of sales receipts showing the qualified purchases.

14 (4) A taxpayer may file no more than one request for remittance  
15 per calendar year, except to amend a request.

16 (5) The exemption provided by this section is only for the state  
17 portion of the sales tax. For purposes of this section, the state  
18 portion of the sales tax is not reduced by any local sales tax that  
19 is deducted or credited against the state sales tax as provided by  
20 law.

21 (6) A taxpayer may not make a request for remittance under the  
22 provisions of this section prior to twelve months from the effective  
23 date of this section.

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

26 (a) "Aircraft" is defined as provided in RCW 82.42.010.

27 (b) "Aircraft fuel" is defined as provided in RCW 82.42.010.

28 (c) "Research and development" means any activity performed to  
29 discover technological information, and technical and nonroutine  
30 activities concerned with translating technological information into  
31 new or improved products, processes, techniques, formulas,  
32 inventions, or software.

33 (d) "Retain" means to continue to employ an individual or, in  
34 cases where an employee has been terminated, resigned, or is  
35 otherwise no longer employed, "retain" means to actively seek new  
36 candidates for the vacant position.

37 (8) This section expires January 1, 2031.

38 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12  
39 RCW to read as follows:

1 (1) A taxpayer who has paid the tax levied by RCW 82.12.020 on  
2 aircraft fuel used in the operation of an aircraft for research and  
3 development purposes, related to the aircraft or components thereof,  
4 and meets the criteria in subsection (2) of this section, is eligible  
5 for an exemption in the form of a remittance.

6 (2) All of the eligibility requirements, conditions, limitations,  
7 and definitions in section 1 of this act apply to this section.

8 (3) This section expires January 1, 2031.

9 NEW SECTION. **Sec. 3.** (1) This section is the tax preference  
10 performance statement for the tax preferences contained in sections 1  
11 and 2, chapter . . ., Laws of 2020 (sections 1 and 2 of this act).  
12 This performance statement is only intended to be used for subsequent  
13 evaluation of the tax preferences. It is not intended to create a  
14 private right of action by any party or to be used to determine  
15 eligibility for preferential tax treatment.

16 (2) The legislature categorizes these tax preferences as ones  
17 intended to create or retain jobs as indicated in RCW 82.32.808  
18 (2)(c).

19 (3) It is the legislature's specific public policy objective to  
20 encourage new business activity in the field of aerospace to locate  
21 in the state.

22 (4) If a review finds that the value of the jobs created as a  
23 direct result of these tax preferences is at least as great as the  
24 value of forgone state revenue, then the legislature intends to  
25 extend the expiration dates of these tax preferences.

26 (5) In order to obtain the data necessary to perform the review  
27 in subsection (4) of this section, the joint legislative audit and  
28 review committee may refer to any data collected by the state.

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