
SENATE BILL 5348

State of Washington

66th Legislature

2019 Regular Session

By Senator Ericksen

1 AN ACT Relating to providing a sales and use tax exemption for
2 construction related to public schools, institutions of higher
3 education, and local public safety; amending RCW 82.14.050 and
4 82.14.060; adding a new section to chapter 82.08 RCW; adding a new
5 section to chapter 82.12 RCW; and creating a new section.

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

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

9 (1) Subject to the requirements of this section, the tax levied
10 by RCW 82.08.020 does not apply to:

11 (a) Charges for labor and services rendered in respect to the
12 constructing of new buildings for use:

13 (i) By a public school district;

14 (ii) By an institution of higher education; or

15 (iii) With respect to local public safety;

16 (b) Sales of tangible personal property that will be incorporated
17 as an ingredient or component of such buildings during the course of
18 the constructing; or

19 (c) Charges made for labor and services rendered in respect to
20 installing, during the course of constructing such buildings,

1 building fixtures not otherwise eligible for the exemption under RCW
2 82.08.02565.

3 (2) (a) The exemption in this section applies only to construction
4 projects exceeding five million dollars in total costs.

5 (b) The exemption in this section is in the form of a remittance.
6 A buyer claiming an exemption from the tax in the form of a
7 remittance under this section must pay all applicable state and local
8 sales taxes imposed under RCW 82.08.020 and chapter 82.14 RCW on all
9 purchases qualifying for the exemption.

10 (c) The department must determine eligibility under this section
11 based on information provided by the buyer and through audit and
12 other administrative records. The buyer may on a quarterly basis
13 submit an application, in a form and manner as required by the
14 department by rule, specifying the amount of exempted tax claimed and
15 the qualifying purchases or acquisitions for which the exemption is
16 claimed. The buyer must retain, in adequate detail to enable the
17 department to determine whether the equipment or construction meets
18 the criteria under this section: Invoices; proof of tax paid;
19 documents describing the location and size of new structures; and
20 construction invoices and documents.

21 (d) The department must on a quarterly basis remit exempted
22 amounts to qualifying persons who submitted applications during the
23 previous quarter.

24 (e) A person may request a remittance for state and local sales
25 and use taxes on or after the effective date of this section.

26 (3) A person who fails to meet the requirements of this section
27 must reimburse the department for any amounts received under
28 subsection (2) of this section.

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

31 (1) The provisions of this chapter do not apply with respect to
32 the use of:

33 (a) Tangible personal property that will be incorporated as an
34 ingredient or component in constructing new buildings:

35 (i) For a public school district;

36 (ii) For an institution of higher education; or

37 (iii) With respect to local public safety; or

1 (b) Labor and services rendered in respect to installing, during
2 the course of constructing such buildings, building fixtures not
3 otherwise eligible for the exemption under RCW 82.08.02565.

4 (2) The eligibility requirements and conditions in section 1 of
5 this act apply to this section.

6 **Sec. 3.** RCW 82.14.050 and 2016 c 191 s 4 are each amended to
7 read as follows:

8 (1) The counties, cities, and transportation authorities under
9 RCW 82.14.045, public facilities districts under chapters 36.100 and
10 35.57 RCW, public transportation benefit areas under RCW 82.14.440,
11 regional transportation investment districts, and transportation
12 benefit districts under chapter 36.73 RCW must contract, prior to the
13 effective date of a resolution or ordinance imposing a sales and use
14 tax, the administration and collection to the state department of
15 revenue, which must deduct a percentage amount, as provided by
16 contract, not to exceed two percent of the taxes collected for
17 administration and collection expenses incurred by the department.
18 The remainder of any portion of any tax authorized by this chapter
19 that is collected by the department of revenue must be deposited by
20 the state department of revenue in the local sales and use tax
21 account hereby created in the state treasury. Beginning January 1,
22 2013, the department of revenue must make deposits in the local sales
23 and use tax account on a monthly basis on the last business day of
24 the month in which distributions required in (a) of this subsection
25 are due. Moneys in the local sales and use tax account may be
26 withdrawn only for:

27 (a) Distribution to counties, cities, transportation authorities,
28 public facilities districts, public transportation benefit areas,
29 regional transportation investment districts, and transportation
30 benefit districts imposing a sales and use tax; and

31 (b) Making refunds of taxes imposed under the authority of this
32 chapter and RCW 81.104.170 and exempted under RCW 82.08.962,
33 82.12.962, 82.08.02565, 82.12.02565, 82.08.025661, (~~or~~)
34 82.12.025661, or section 1 or 2 of this act.

35 (2) All administrative provisions in chapters 82.03, 82.08,
36 82.12, and 82.32 RCW, as they now exist or may hereafter be amended,
37 insofar as they are applicable to state sales and use taxes, are
38 applicable to taxes imposed pursuant to this chapter.

1 (3) Counties, cities, transportation authorities, public
2 facilities districts, and regional transportation investment
3 districts may not conduct independent sales or use tax audits of
4 sellers registered under the streamlined sales tax agreement.

5 (4) Except as provided in RCW 43.08.190 and subsection (5) of
6 this section, all earnings of investments of balances in the local
7 sales and use tax account must be credited to the local sales and use
8 tax account and distributed to the counties, cities, transportation
9 authorities, public facilities districts, public transportation
10 benefit areas, regional transportation investment districts, and
11 transportation benefit districts monthly.

12 (5) Beginning January 1, 2013, the state treasurer must determine
13 the amount of earnings on investments that would have been credited
14 to the local sales and use tax account if the collections had been
15 deposited in the account over the prior month. When distributions are
16 made under subsection (1)(a) of this section, the state treasurer
17 must transfer this amount from the state general fund to the local
18 sales and use tax account and must distribute such sums to the
19 counties, cities, transportation authorities, public facilities
20 districts, public transportation benefit areas, regional
21 transportation investment districts, and transportation benefit
22 districts.

23 **Sec. 4.** RCW 82.14.060 and 2016 c 191 s 5 are each amended to
24 read as follows:

25 (1)(a) Monthly, the state treasurer must distribute from the
26 local sales and use tax account to the counties, cities,
27 transportation authorities, public facilities districts, and
28 transportation benefit districts the amount of tax collected on
29 behalf of each taxing authority, less:

30 (i) The deduction provided for in RCW 82.14.050; and

31 (ii) The amount of any refunds of local sales and use taxes
32 exempted under RCW 82.08.962, 82.12.962, 82.08.02565, 82.12.02565,
33 82.08.025661, (~~or~~) 82.12.025661, or section 1 or 2 of this act,
34 which must be made without appropriation.

35 (b) The state treasurer must make the distribution under this
36 section without appropriation.

37 (2) In the event that any ordinance or resolution imposes a sales
38 and use tax at a rate in excess of the applicable limits contained
39 herein, such ordinance or resolution may not be considered void in

1 toto, but only with respect to that portion of the rate which is in
2 excess of the applicable limits contained herein.

3 NEW SECTION. **Sec. 5.** The provisions of RCW 82.32.805 and
4 82.32.808 do not apply to this act.

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