

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1711

68th Legislature
2023 Regular Session

Passed by the House April 20, 2023
Yeas 96 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate April 19, 2023
Yeas 48 Nays 0

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1711** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1711

AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By House Finance (originally sponsored by Representatives Chapman, Tharinger, Lekanoff, Ryu, Callan, Reed, Volz, Kloba, Stearns, Stokesbary, and Santos)

READ FIRST TIME 03/13/23.

1 AN ACT Relating to providing a sales and use tax exemption
2 related to internet and telecommunications infrastructure projects
3 involving a federally recognized Indian tribe; adding new sections to
4 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW;
5 creating a new section; providing an effective date; providing
6 expiration dates; and declaring an emergency.

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

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

10 (1) Subject to the requirements of this section, the tax levied
11 by RCW 82.08.020 does not apply to sales of, or charges made for:

12 (a) Labor and services rendered in respect to the construction of
13 a qualified infrastructure project, or the installation of any
14 equipment or tangible personal property incorporated into a qualified
15 infrastructure project; and

16 (b) Building materials, telecommunications equipment, and
17 tangible personal property incorporated into a qualified
18 infrastructure project.

19 (2) The exemption provided in subsection (1) of this section does
20 not apply to local sales taxes.

1 (3) (a) In order to obtain an exemption certificate under this
2 section, a qualified infrastructure project owner must submit an
3 application to the department for an exemption certificate. The
4 application must include the information necessary, as required by
5 the department, to determine that the qualified infrastructure
6 project owner qualifies for the exemption under this section. The
7 department must issue an exemption certificate to a qualified
8 infrastructure project owner.

9 (b) In order to claim an exemption under this section, a
10 qualified infrastructure project owner must provide the seller with
11 an exemption certificate in a form and manner prescribed by the
12 department. The seller must retain a copy of the certificate for the
13 seller's files.

14 (c) The exemption certificate is effective on the date the
15 application is received by the department, which is the date of
16 issuance. The exemption provided in this section does not apply to
17 any property or services that are received by the qualified
18 infrastructure project owner, or its agent, before the effective date
19 of this section or on or after January 1, 2030. For the purpose of
20 this subsection (3) (c), "received" means:

21 (i) Taking physical possession of, or having dominion and control
22 over, the tangible personal property eligible for the exemption in
23 subsection (1) (b) of this section; and

24 (ii) The labor and services in subsection (1) (a) of this section
25 have been performed.

26 (d) The exemption certificate expires on the date the project is
27 certified as operationally complete by the qualified infrastructure
28 project owner or January 1, 2030, whichever is first. The qualified
29 infrastructure project owner must notify the department, in a form
30 and manner as required by the department, when the project is
31 certified as operationally complete.

32 (4) The definitions in this subsection apply throughout this
33 section unless the context clearly requires otherwise.

34 (a) "Local sales tax" means a sales tax imposed by a local
35 government under the authority of chapter 82.14 or 81.104 RCW.

36 (b) "Operationally complete" means the qualified infrastructure
37 project is capable of being used for its intended purpose as
38 described in the exemption certificate application.

39 (c) "Qualified infrastructure project" means the construction of
40 buildings and utilities related to the deployment of a modern global

1 internet and telecommunications infrastructure that occurs in part in
2 a distressed area, as defined in RCW 43.168.020, that is located on
3 the coast of Washington. The infrastructure may include, but is not
4 limited to, cable landing stations, communications hubs, buried
5 utility connections and extension, and any related equipment and
6 buildings that will add broadband capacity and infrastructure to the
7 area.

8 (d) "Qualified infrastructure project owner" means a wholly owned
9 subsidiary of a federally recognized tribe located in a county that
10 borders the Pacific Ocean that is developing a qualified
11 infrastructure project.

12 (5) The total amount of state sales and use tax exempted under
13 this section and section 2 of this act may not exceed \$8,000,000. A
14 qualified infrastructure project owner within 60 days of the
15 expiration of the exemption certificate under subsection (3)(d) of
16 this section must pay any tax due under this subsection. The
17 department may not assess penalties and interest as provided in
18 chapter 82.32 RCW on the amount due if the amount due is paid within
19 the 60-day period, or any extension thereof. The department may
20 require a qualified infrastructure project owner to periodically
21 submit documentation, as specified by the department, prior to the
22 expiration of the exemption certificate to allow the department to
23 track the total amount of sales and use tax exempted under this
24 section and section 2 of this act.

25 (6) This section expires January 1, 2030.

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

28 (1) Provided an exemption certificate has been issued pursuant to
29 section 1 of this act, the provisions of this chapter do not apply
30 with respect to the use of:

31 (a) Labor and services rendered in respect to the installation of
32 any equipment or other tangible personal property incorporated into a
33 qualified infrastructure project; and

34 (b) Building materials, telecommunications equipment, and
35 tangible personal property incorporated into a qualified
36 infrastructure project.

37 (2) The exemption provided in subsection (1) of this section does
38 not apply to local use taxes.

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

3 (4) For purposes of this section, "local use tax" means a use tax
4 imposed by a local government under the authority of chapter 82.14 or
5 81.104 RCW.

6 (5) This section expires January 1, 2030.

7 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
8 RCW to read as follows:

9 (1) In order to obtain the exemption provided in this act, a
10 qualified infrastructure project owner must certify to the department
11 of labor and industries that the work performed on the qualified
12 infrastructure project by the prime contractor and its subcontractors
13 was performed under the terms of a community workforce agreement or
14 project labor agreement negotiated prior to the start of the
15 qualified infrastructure project. The agreements must include worker
16 compensation requirements consistent with the payment of area
17 standard prevailing wages in accordance with chapter 39.12 RCW,
18 apprenticeship utilization requirements, and tribal employment and
19 contracting opportunities, provided the following:

20 (a) The owner and the prime contractor and all of its
21 subcontractors regardless of tier have the absolute right to select
22 any qualified and responsible bidder for the award of contracts on a
23 specified project without reference to the existence or nonexistence
24 of any agreements between such bidder and any party to such project
25 labor agreement, and only when such bidder is willing, ready, and
26 able to become a party to, signs a letter of assent, and complies
27 with such agreement or agreements, should it be designated the
28 successful bidder; and

29 (b) It is understood that this is a self-contained, stand-alone
30 agreement, and that by virtue of having become bound to such
31 agreement or agreements, neither the project contractor nor the
32 subcontractors are obligated to sign any other local, area, or
33 national agreement.

34 (2) This section expires January 1, 2030.

35 NEW SECTION. **Sec. 4.** RCW 82.32.808 does not apply to this act.

36 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
37 preservation of the public peace, health, or safety, or support of

1 the state government and its existing public institutions, and takes
2 effect July 1, 2023.

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