S-1220.3

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**SENATE BILL 6047**

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**State of Washington 64th Legislature 2015 Regular Session**

**By** Senators Baumgartner, Liias, Padden, Hobbs, and Roach

AN ACT Relating to providing a sales and use tax exemption for certain new building construction to be used by maintenance repair operators for commercial airplane repair and maintenance; amending RCW 82.08.980 and 82.12.980; and creating a new section.

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

NEW SECTION. **Sec.**  This section is the tax preference performance statement for the tax preference contained in sections 2 and 3 of this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to create jobs, as indicated in RCW 82.32.808(2)(c).

(2) The joint legislative audit and review committee must review these tax preferences during calendar year 2020. If the review finds that at least two hundred fifty additional jobs compared to the employment today, in the F.A.A. part 145 repair station sector, has taken place in the first five years of the enactment of this act, then the legislature intends that the expiration dates remain. If there are not at least two hundred fifty additional jobs in the F.A.A. part 145 repair station sector, then the legislature intends for this act to expire July 1, 2021.

(3) In order to obtain the data necessary to perform the review in subsection (2) of this section, the joint legislative audit and review committee may refer to the annual survey for tax preferences that F.A.A. part 145 repair stations are required to file with the department.

**Sec.**  RCW 82.08.980 and 2013 3rd sp.s. c 2 s 3 are each amended to read as follows:

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

(a) Charges, for labor and services rendered in respect to the constructing of new buildings, made to (i) a manufacturer engaged in the manufacturing of commercial airplanes or the fuselages or wings of commercial airplanes ((~~or~~)); (ii) a port district, political subdivision, or municipal corporation, to be leased to a manufacturer engaged in the manufacturing of commercial airplanes or the fuselages or wings of commercial airplanes; (iii) a maintenance repair operator engaged in the maintenance of commercial airplanes or the fuselages or wings of commercial airplanes; or (iv) a port district, political subdivision, or municipal corporation to be leased to a maintenance repair operator engaged in the maintenance of commercial airplanes or the fuselages or wings of commercial airplanes. For the purposes of this subsection (1)(a), "maintenance repair operator" means a person classified by the federal aviation administration as a federal aviation regulation part 145 certificated repair station;

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

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

(2) The exemption is available only when the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(3) No application is necessary for the tax exemption in this section. However, in order to qualify under this section before starting construction, the port district, political subdivision, or municipal corporation must have entered into an agreement with the manufacturer to build such a facility. A person claiming the exemption under this section is subject to all the requirements of chapter 82.32 RCW. In addition, the person must file a complete annual report with the department under RCW 82.32.534.

(4) The exemption in this section applies to buildings or parts of buildings, including buildings or parts of buildings used for the storage of raw materials or finished product, that are used primarily in the manufacturing of any one or more of the following products:

(a) Commercial airplanes;

(b) Fuselages of commercial airplanes; or

(c) Wings of commercial airplanes.

(5) For the purposes of this section, "commercial airplane" has the meaning given in RCW 82.32.550.

(6) If the employment metrics outlined in section 1 of this act are not met by 2020, any maintenance repair operator taking advantage of the exemption in this section must repay the exempted sales tax back to the department in 2021.

(7) This section expires July 1, 2040.

**Sec.**  RCW 82.12.980 and 2013 3rd sp.s. c 2 s 4 are each amended to read as follows:

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

(a) Tangible personal property that will be incorporated as an ingredient or component in constructing new buildings for (i) a manufacturer or maintenance repair operator engaged in the manufacturing or maintaining of commercial airplanes or the fuselages or wings of commercial airplanes or (ii) a port district, political subdivision, or municipal corporation, to be leased to a manufacturer or maintenance repair operator engaged in the manufacturing of commercial airplanes or the fuselages or wings of commercial airplanes; or

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

(2) The eligibility requirements, conditions, and definitions in RCW 82.08.980 apply to this section, including the filing of a complete annual report with the department under RCW 82.32.534.

(3) This section expires July 1, 2040.

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