

---

SENATE BILL 6327

---

State of Washington

54th Legislature

1996 Regular Session

By Senator Smith

Read first time 01/11/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to sales and use taxation of persons repairing,  
2 decorating, or improving new or existing buildings or other structures  
3 for the United States; amending RCW 82.12.010; creating a new section;  
4 and providing an effective date.

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

6 **Sec. 1.** RCW 82.12.010 and 1994 c 93 s 1 are each amended to read  
7 as follows:

8 For the purposes of this chapter:

9 (1)(a) "Value of the article used" shall mean the consideration,  
10 whether money, credit, rights, or other property except trade-in  
11 property of like kind, expressed in terms of money, paid or given or  
12 contracted to be paid or given by the purchaser to the seller for the  
13 article of tangible personal property, the use of which is taxable  
14 under this chapter. The term includes, in addition to the  
15 consideration paid or given or contracted to be paid or given, the  
16 amount of any tariff or duty paid with respect to the importation of  
17 the article used. In case the article used is acquired by lease or by  
18 gift or is extracted, produced, or manufactured by the person using the  
19 same or is sold under conditions wherein the purchase price does not

1 represent the true value thereof, the value of the article used shall  
2 be determined as nearly as possible according to the retail selling  
3 price at place of use of similar products of like quality and character  
4 under such rules as the department of revenue may prescribe.

5 (b) In case the articles used are acquired by bailment, the value  
6 of the use of the articles so used shall be in an amount representing  
7 a reasonable rental for the use of the articles so bailed, determined  
8 as nearly as possible according to the value of such use at the places  
9 of use of similar products of like quality and character under such  
10 rules as the department of revenue may prescribe. ((In case any such  
11 articles of tangible personal property are used in respect to the  
12 construction, repairing, decorating, or improving of, and which become  
13 or are to become an ingredient or component of, new or existing  
14 buildings or other structures under, upon, or above real property of or  
15 for the United States, any instrumentality thereof, or a county or city  
16 housing authority created pursuant to chapter 35.82 RCW, including the  
17 installing or attaching of any such articles therein or thereto,  
18 whether or not such personal property becomes a part of the realty by  
19 virtue of installation, then the value of the use of such articles so  
20 used shall be determined according to the retail selling price of such  
21 articles, or in the absence of such a selling price, as nearly as  
22 possible according to the retail selling price at place of use of  
23 similar products of like quality and character or, in the absence of  
24 either of these selling price measures, such value may be determined  
25 upon a cost basis, in any event under such rules as the department of  
26 revenue may prescribe.))

27 (c) In the case of articles owned by a user engaged in business  
28 outside the state which are brought into the state for no more than one  
29 hundred eighty days in any period of three hundred sixty-five  
30 consecutive days and which are temporarily used for business purposes  
31 by the person in this state, the value of the article used shall be an  
32 amount representing a reasonable rental for the use of the articles,  
33 unless the person has paid tax under this chapter or chapter 82.08 RCW  
34 upon the full value of the article used, as defined in (a) of this  
35 subsection.

36 (d) In the case of articles manufactured or produced by the user  
37 and used in the manufacture or production of products sold or to be  
38 sold to the department of defense of the United States, the value of

1 the articles used shall be determined according to the value of the  
2 ingredients of such articles.

3 (e) In the case of an article manufactured or produced for purposes  
4 of serving as a prototype for the development of a new or improved  
5 product, the value of the article used shall be determined by: (i) The  
6 retail selling price of such new or improved product when first offered  
7 for sale; or (ii) the value of materials incorporated into the  
8 prototype in cases in which the new or improved product is not offered  
9 for sale;

10 (2) "Use," "used," "using," or "put to use" shall have their  
11 ordinary meaning, and shall mean the first act within this state by  
12 which the taxpayer takes or assumes dominion or control over the  
13 article of tangible personal property (as a consumer), and include  
14 installation, storage, withdrawal from storage, or any other act  
15 preparatory to subsequent actual use or consumption within this state;

16 (3) "Taxpayer" and "purchaser" include all persons included within  
17 the meaning of the word "buyer" and the word "consumer" as defined in  
18 chapters 82.04 and 82.08 RCW;

19 (4) "Retailer" means every seller as defined in RCW 82.08.010 and  
20 every person engaged in the business of selling tangible personal  
21 property at retail and every person required to collect from purchasers  
22 the tax imposed under this chapter;

23 (5) The meaning ascribed to words and phrases in chapters 82.04 and  
24 82.08 RCW, insofar as applicable, shall have full force and effect with  
25 respect to taxes imposed under the provisions of this chapter.  
26 "Consumer," in addition to the meaning ascribed to it in chapters 82.04  
27 and 82.08 RCW insofar as applicable, shall also mean any person who  
28 distributes or displays, or causes to be distributed or displayed, any  
29 article of tangible personal property, except newspapers, the primary  
30 purpose of which is to promote the sale of products or services.

31 NEW SECTION. **Sec. 2.** This act shall not be construed as affecting  
32 any existing right acquired or liability or obligation incurred under  
33 the sections amended or under any rule of order adopted under those  
34 sections, nor as affecting any proceeding instituted under those  
35 sections.

1        NEW SECTION.    **Sec. 3.**    This act shall take effect July 1, 1996.

--- END ---