

# SENATE BILL REPORT

## SB 6295

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As Reported By Senate Committee On:  
Transportation, February 10, 1998

**Title:** An act relating to tax exemptions for transportation facilities.

**Brief Description:** Adjusting transportation facility tax exemptions.

**Sponsors:** Senators Benton, Patterson, T. Sheldon and Oke.

**Brief History:**

**Committee Activity:** Transportation: 2/9/98, 2/10/98 [DPS, DNP].

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### SENATE COMMITTEE ON TRANSPORTATION

**Majority Report:** That Substitute Senate Bill No. 6295 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prince, Chair; Benton, Vice Chair; Wood, Vice Chair; Heavey, Horn, Morton, Oke, Patterson, Rasmussen and Sellar.

**Minority Report:** Do not pass.

Signed by Senator Haugen.

**Staff:** Gary Lebow (7304)

**Background:** The sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply, making the total rate between 7 percent and 8.6 percent depending on the location.

Sales tax applies when items are purchased at retail in the state. Use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out of state, and items produced by the person using the item. Use tax is equal to the sales tax rate multiplied by the value of the property used.

The sales tax is applied to the full contract amount, including labor, on state projects, including improvements made to the transportation system. Sales tax is exempt on the labor and service portion of contracts that improve transportation facilities owned by a political subdivision or municipal corporation.

**Summary of Substitute Bill:** Labor, services and tangible personal property, used in improving transportation facilities owned by the state, municipal corporation or political subdivision of the state or the federal government and primarily used for vehicular traffic, are exempt from the sales tax. The buyer must provide the seller an exemption certificate,

prescribed by the Department of Revenue, to receive the exemption on tangible personal property.

Tangible personal property that is used as an ingredient in improving transportation facilities owned by the state, municipal corporation or political subdivision of the state or the federal government and primarily used for vehicular traffic is exempt from the use tax.

The Department of Revenue is required to adopt rules and procedures to implement this act.

**Substitute Bill Compared to Original Bill:** References to the laser interferometer gravitational wave observatory are removed.

Sales and use tax exemptions for mass public transportation terminals, vehicles and parking facilities and facilities used primarily for foot traffic are removed. The word place- is removed from the list of eligible facilities.

**Appropriation:** None.

**Fiscal Note:** Requested on February 9, 1998.

**Effective Date:** The bill takes effect on July 1, 1998.

**Testimony For:** None.

**Testimony Against:** None.

**Testified:** No one.