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SENATE BILL 5359

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State of Washington                      55th Legislature                      1997 Regular Session

By Senators Swecker, Fraser, West and Winsley

Read first time 01/24/97. Referred to Committee on Ways & Means.

1            AN ACT Relating to clarifying the exemption from sales and use  
2 taxation of the materials used by small companies in the design and  
3 development of aircraft parts, auxiliary equipment, and aircraft  
4 modification; amending RCW 82.08.02566 and 82.12.02566; creating a new  
5 section; providing an effective date; and declaring an emergency.

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

7            NEW SECTION.    **Sec. 1.**    The legislature intends to clarify the  
8 intent of the 1996 legislature in adopting chapter 246, Laws of 1996,  
9 regarding the application of the exemption from sales and use taxation  
10 of materials used by small companies in the design and development of  
11 aircraft parts, auxiliary equipment, and aircraft modification.

12            **Sec. 2.**    RCW 82.08.02566 and 1996 c 247 s 4 are each amended to  
13 read as follows:

14            The tax levied by RCW 82.08.020 shall not apply to sales of  
15 ~~((materials used in designing and developing aircraft parts, auxiliary~~  
16 ~~equipment, and aircraft modification whether from enterprise funds or~~  
17 ~~on a contract or fee basis for a taxpayer with gross sales of less than~~  
18 ~~twenty million dollars per year. This exemption may not exceed one~~

1 ~~hundred thousand dollars for a taxpayer in a year)) tangible personal~~  
2 property that is incorporated into prototypes for the development of  
3 new aircraft parts, equipment, or modifications, whether or not such  
4 tangible personal property becomes an ingredient or component of the  
5 final prototype. This exemption does not apply to any person whose  
6 gross income of the business, gross proceeds of sales, and gross value  
7 of products, less any amounts for which a credit is allowed under RCW  
8 82.04.440, during the immediately preceding calendar year exceeds  
9 twenty million dollars. The amount of state and local taxes that are  
10 exempted under this section and RCW 82.12.02566 shall not exceed one  
11 hundred thousand dollars for any person during any calendar year.

12 **Sec. 3.** RCW 82.12.02566 and 1996 c 247 s 5 are each amended to  
13 read as follows:

14 The provisions of this chapter shall not apply with respect to the  
15 use of (~~materials used in designing and developing aircraft parts,~~  
16 ~~auxiliary equipment, and aircraft modification whether from enterprise~~  
17 ~~funds or on a contract or fee basis for a taxpayer with gross sales of~~  
18 ~~less than twenty million dollars per year. This exemption may not~~  
19 ~~exceed one hundred thousand dollars for a taxpayer in a year)) tangible  
20 personal property that is incorporated into prototypes for the  
21 development of new aircraft parts, equipment, or modifications, whether  
22 or not such tangible personal property becomes an ingredient or  
23 component of the final prototype. This exemption does not apply to any  
24 person whose gross income of the business, gross proceeds of sales, and  
25 gross value of products, less any amounts for which a credit is allowed  
26 under RCW 82.04.440, during the immediately preceding calendar year  
27 exceeds twenty million dollars. The amount of state and local taxes  
28 that are exempted under this section and RCW 82.08.02566 shall not  
29 exceed one hundred thousand dollars for any person during any calendar  
30 year.~~

31 NEW SECTION. **Sec. 4.** This act is necessary for the immediate  
32 preservation of the public peace, health, or safety, or support of the  
33 state government and its existing public institutions, and takes effect  
34 July 1, 1997.

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