

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE SENATE BILL 5359**

Chapter 302, Laws of 1997

55th Legislature  
1997 Regular Session

MATERIALS USED BY SMALL COMPANIES FOR AIRCRAFT PART, EQUIPMENT,  
AND MODIFICATION DESIGN AND DEVELOPMENT--SALES AND USE TAXATION  
CLARIFICATION

EFFECTIVE DATE: 7/1/97

Passed by the Senate April 21, 1997  
YEAS 43 NAYS 1

BRAD OWEN

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**President of the Senate**

Passed by the House April 15, 1997  
YEAS 97 NAYS 0

CLYDE BALLARD

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**Speaker of the  
House of Representatives**

Approved May 9, 1997

CERTIFICATE

I, Mike O Connell, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SUBSTITUTE SENATE BILL 5359** as passed by the Senate and the House of Representatives on the dates hereon set forth.

MIKE O'CONNELL

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**Secretary**

FILED

May 9, 1997 - 1:49 p.m.

GARY LOCKE

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**Governor of the State of Washington**

**Secretary of State  
State of Washington**

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**SUBSTITUTE SENATE BILL 5359**

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AS AMENDED BY THE HOUSE

Passed Legislature - 1997 Regular Session

**State of Washington                      55th Legislature                      1997 Regular Session**

**By Senate Committee on Ways & Means (originally sponsored by Senators Swecker, Fraser, West and Winsley)**

Read first time 02/20/97.

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; providing an  
5 effective date; and declaring an emergency.

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

7            **Sec. 1.** RCW 82.08.02566 and 1996 c 247 s 4 are each amended to  
8 read as follows:

9            (1) The tax levied by RCW 82.08.020 shall not apply to sales of  
10 ((materials used in designing and developing aircraft parts, auxiliary  
11 equipment, and aircraft modification whether from enterprise funds or  
12 on a contract or fee basis for a taxpayer with gross sales of less than  
13 twenty million dollars per year. This exemption may not exceed one  
14 hundred thousand dollars for a taxpayer in a year)) tangible personal  
15 property incorporated into a prototype for aircraft parts, auxiliary  
16 equipment, or modifications; or to sales of tangible personal property  
17 that at one time is incorporated into the prototype but is later  
18 destroyed in the testing or development of the prototype.

1       (2) This exemption does not apply to sales to any person whose  
2 total taxable amount during the immediately preceding calendar year  
3 exceeds twenty million dollars. For purposes of this section, "total  
4 taxable amount" means gross income of the business and value of  
5 products manufactured, less any amounts for which a credit is allowed  
6 under RCW 82.04.440.

7       (3) State and local taxes for which an exemption is received under  
8 this section and RCW 82.12.02566 shall not exceed one hundred thousand  
9 dollars for any person during any calendar year.

10       **Sec. 2.** RCW 82.12.02566 and 1996 c 247 s 5 are each amended to  
11 read as follows:

12       (1) The provisions of this chapter shall not apply with respect to  
13 the use of ((materials used in designing and developing aircraft parts,  
14 auxiliary equipment, and aircraft modification whether from enterprise  
15 funds or on a contract or fee basis for a taxpayer with gross sales of  
16 less than twenty million dollars per year. This exemption may not  
17 exceed one hundred thousand dollars for a taxpayer in a year)) tangible  
18 personal property incorporated into a prototype for aircraft parts,  
19 auxiliary equipment, or modifications; or in respect to the use of  
20 tangible personal property that at one time is incorporated into the  
21 prototype but is later destroyed in the testing or development of the  
22 prototype.

23       (2) This exemption does not apply in respect to the use of tangible  
24 personal property by any person whose total taxable amount during the  
25 immediately preceding calendar year exceeds twenty million dollars.  
26 For purposes of this section, "total taxable amount" means gross income  
27 of the business and value of products manufactured, less any amounts  
28 for which a credit is allowed under RCW 82.04.440.

29       (3) State and local taxes for which an exemption is received under  
30 this section and RCW 82.08.02566 shall not exceed one hundred thousand  
31 dollars for any person during any calendar year.

32       NEW SECTION.   **Sec. 3.** This act is necessary for the immediate  
33 preservation of the public peace, health, or safety, or support of the  
34 state government and its existing public institutions, and takes effect  
35 July 1, 1997.

Passed the Senate April 21, 1997.  
Passed the House April 15, 1997.  
Approved by the Governor May 9, 1997.  
Filed in Office of Secretary of State May 9, 1997.