
SECOND SUBSTITUTE SENATE BILL 5094

State of Washington

57th Legislature

2001 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators T. Sheldon, Sheahan, Gardner, Honeyford, Hargrove and Costa)

READ FIRST TIME 04/02/01.

1 AN ACT Relating to sales and use tax exemptions for call centers in
2 distressed areas; adding a new section to chapter 82.08 RCW; adding a
3 new section to chapter 82.12 RCW; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there are still
6 areas of the state that have very high levels of unemployment despite
7 strong statewide economic growth.

8 The legislature also finds that additional incentives are needed to
9 promote economic stimulation and new employment opportunities in these
10 distressed areas, and that these incentives are essential to increase
11 economic growth in distressed areas.

12 The legislature intends to accomplish this by providing a sales and
13 use tax exemption on machinery and equipment and buildings used by
14 businesses that establish call centers in distressed areas of the
15 state.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08 RCW
17 to read as follows:

1 (1) The tax levied by RCW 82.08.020 does not apply to sales to a
2 person, located in an eligible area, of machinery and equipment used
3 directly in a call center operation, or to sales of or charges made for
4 labor and services rendered in respect to installing, repairing,
5 cleaning, altering, or improving the machinery and equipment, but only
6 if the purchaser provides the seller with an exemption certificate in
7 a form and manner prescribed by the department. The seller shall
8 retain a copy of the certificate for the seller's files.

9 (2) The tax levied by RCW 82.08.020 does not apply to constructing
10 or improving of buildings or other structures, or sales of or charges
11 made for labor and services rendered in respect to constructing or
12 improving of buildings or other structures, located in eligible areas,
13 that are used directly as a call center, but only if the purchaser
14 provides the seller with an exemption certificate in a form and manner
15 prescribed by the department. The seller shall retain a copy of the
16 certificate for the seller's files.

17 (3) For purposes of this section:

18 (a) "Buildings" means only those structures used directly in a call
19 center operation. If a building is used partly for a call center
20 operation and partly for other purposes, the applicable tax exemption
21 shall be determined by apportionment of the costs of construction under
22 rules adopted by the department. The term "buildings" also includes
23 machinery and equipment that is permanently affixed to and becomes a
24 physical part of a building, such as utility systems for heating,
25 ventilation, air conditioning, plumbing, phones, or electrical.

26 (b) "Call centers" means a business operation employing fifty or
27 more employees, who are engaged in telecommunications business
28 activities involving financial transactions, technical support
29 operations, and customer services.

30 (c) "Eligible area" means a community empowerment zone, as defined
31 in chapter 43.31C RCW and a county with fewer than one hundred persons
32 per square mile or a county smaller than two hundred twenty-five square
33 miles as determined annually by the office of financial management and
34 published by the department of revenue effective for the period July
35 1st through June 30th.

36 (d)(i) "Machinery and equipment" means commercial fixtures,
37 devices, and support facilities, and tangible personal property that
38 becomes an ingredient or component thereof, including repair parts and
39 replacement parts. "Machinery and equipment" includes electronic

1 communications equipment, communications systems infrastructure
2 components, computer software, computer hardware, associated support
3 equipment that is necessary to maintain the communications operations
4 of a call center, and office furniture.

5 (ii) "Machinery and equipment" does not include:

6 (A) Hand-powered tools; and

7 (B) Property with a useful life of less than one year.

8 (4) A person claiming the exemption under this section shall make
9 an annual report to the department. The report shall be in a letter
10 form and shall include the following information: The type of
11 activity, the location of the person, how long the person has been
12 located in the county, and the taxpayer name and registration number.
13 The report must be filed by January 30th of each year in which the
14 exemption was claimed during the previous year. Failure to file a
15 report will not result in the loss of eligibility under this section.
16 However, the department, through its research division, shall contact
17 taxpayers who have not filed the report and obtain the data from the
18 taxpayer or assist the taxpayer in the filing of the report, so that
19 the data and information necessary to measure the program's
20 effectiveness is maintained.

21 (5) This section applies only to call centers that commence
22 operations on or after the effective date of this act.

23 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12 RCW
24 to read as follows:

25 (1) The provisions of this chapter do not apply in respect to the
26 use by a business, located within an eligible area, of machinery and
27 equipment used directly in a call center.

28 (2) The definitions in section 2 of this act apply to this section.

29 (3) A person claiming the exemption under this section shall make
30 an annual report to the department. The report shall be in a letter
31 form and shall include the following information: The type of
32 activity, the location of the person, how long the person has been
33 located in the county, and the taxpayer name and registration number.
34 The report must be filed by January 30th of each year in which the
35 exemption was claimed during the previous year. Failure to file a
36 report will not result in the loss of eligibility under this section.
37 However, the department, through its research division, shall contact
38 taxpayers who have not filed the report and obtain the data from the

1 taxpayer or assist the taxpayer in the filing of the report, so that
2 the data and information necessary to measure the program's
3 effectiveness is maintained.

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