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ENGROSSED SUBSTITUTE SENATE BILL 5990

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State of Washington

64th Legislature

2015 Regular Session

By Senate Ways & Means (originally sponsored by Senators King, Fain, Litzow, Braun, Schoesler, Parlette, Dammeier, Warnick, Sheldon, Hewitt, Becker, Brown, and Bailey)

READ FIRST TIME 02/26/15.

1 AN ACT Relating to transferring certain state sales and use taxes  
2 collected on transportation projects to the connecting Washington  
3 account; adding a new section to chapter 82.32 RCW; adding a new  
4 section to chapter 82.08 RCW; adding a new section to chapter 82.12  
5 RCW; creating new sections; providing an effective date; providing a  
6 contingent expiration date; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.32  
9 RCW to read as follows:

10 (1) The state sales and use taxes paid with funds appropriated in  
11 an omnibus transportation appropriations act for transportation  
12 projects that are not exempt under sections 2 and 3 of this act must  
13 be transferred from the general fund to the connecting Washington  
14 account created in chapter ... (Substitute Senate Bill No. 5987),  
15 Laws of 2015.

16 (2) The transfer required under this section applies to:

17 (a) Between the effective date of this section and June 30, 2019,  
18 transportation projects funded from the connecting Washington account  
19 and any other projects identified by the legislature as connecting  
20 Washington projects; and

21 (b) Beginning July 1, 2019, all transportation projects.

1 (3) Quarterly, beginning in the calendar quarter immediately  
2 following the calendar quarter that this section is enacted into law,  
3 the department of transportation must submit a report to the  
4 department detailing the amount of state sales and use tax paid  
5 during the previous calendar quarter for which this section is  
6 applicable. The quarterly reports must contain such other information  
7 as required by the department to administer this section; are due by  
8 the tenth day of March, June, September, and December; and must be  
9 provided in a form and manner acceptable to the department. The  
10 department must notify the state treasurer of the amount of the  
11 transfer by the last working day of each calendar quarter.

12 (4) For purposes of this section, "state sales and use tax" means  
13 the taxes imposed under RCW 82.08.020 and 82.12.020, not reduced by  
14 any sales or use taxes imposed under the authority of chapter 82.14  
15 RCW that are deducted from or credited against the taxes imposed  
16 under RCW 82.08.020 and 82.12.020.

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

19 (1) The tax levied by RCW 82.08.020 does not apply to highway  
20 improvement or preservation projects that are administered by the  
21 state department of transportation, with respect to the sale of or  
22 charges made for:

23 (a) Labor and services described in RCW 82.04.050(2)(b) and  
24 rendered in respect to such highway improvement or preservation  
25 projects; and

26 (b) Tangible personal property that becomes an ingredient or  
27 component of such highway improvement or preservation projects.

28 (2) The exemption under this section applies to:

29 (a) Between the effective date of this section and June 30, 2019,  
30 highway improvement or preservation projects as described in  
31 subsection (1) of this section that are identified by the legislature  
32 as connecting Washington projects; and

33 (b) Beginning July 1, 2019, all highway improvement or  
34 preservation projects as described in subsection (1) of this section.

35 (3) The exemption under this section is available only when the  
36 buyer provides the seller with an exemption certificate in a form and  
37 manner prescribed by the department. The seller must retain a copy of  
38 the certificate for the seller's files.

1 (4) For purposes of this section, "highway improvement or  
2 preservation project" means the building, repairing, or improving of  
3 a publicly owned highway, street, place, road, easement, right-of-  
4 way, parking facility, bridge, tunnel, or trestle.

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

7 (1) The tax levied by RCW 82.12.020 does not apply to the use of  
8 tangible personal property that becomes an ingredient or component of  
9 a highway improvement or preservation project administered by the  
10 state department of transportation.

11 (2) The exemption under this section applies to:

12 (a) Between the effective date of this section and June 30, 2019,  
13 the use of tangible personal property that becomes an ingredient or  
14 component of a highway improvement or preservation project that is  
15 identified by the legislature as a connecting Washington project; and

16 (b) Beginning July 1, 2019, the use of all tangible personal  
17 property that becomes an ingredient or component of a highway  
18 improvement or preservation project.

19 (3) For purposes of this section, "highway improvement or  
20 preservation project" has the same meaning as defined in section 2(4)  
21 of this act.

22 NEW SECTION. **Sec. 4.** The provisions of this act do not  
23 constitute a tax preference as defined in RCW 82.32.805 and are not  
24 subject to the provisions of RCW 82.32.805 or 82.32.808.

25 NEW SECTION. **Sec. 5.** (1) If a court of competent jurisdiction  
26 enters a final judgment on the merits that is no longer subject to  
27 appeal, preventing the state from collecting sales and use taxes from  
28 federal contractors based on a claim of discrimination against  
29 federal contractors in violation of the Supremacy Clause, sections 2  
30 and 3 of this act expire as of the date that such judgment becomes  
31 nonappealable.

32 (2) For purposes of this section:

33 (a) "Federal contractor" means any person that is defined as a  
34 consumer under RCW 82.04.190 (3), (6), or (8), as a result of  
35 performing work for the United States.

36 (b) "Sales and use taxes" means the taxes imposed in RCW  
37 82.08.020 and 82.12.020.

1        NEW SECTION.    **Sec. 6.**    The department of revenue must provide  
2 notice of the expiration date of sections 2 and 3 of this act to  
3 taxpayers, the legislature, the office of the code reviser, and  
4 others as deemed appropriate by the department.

5        NEW SECTION.    **Sec. 7.**    This act is necessary for the immediate  
6 preservation of the public peace, health, or safety, or support of  
7 the state government and its existing public institutions, and takes  
8 effect July 1, 2015.

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