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**SENATE BILL 5628**

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**State of Washington**

**66th Legislature**

**2019 Regular Session**

**By** Senators Cleveland, Brown, Hobbs, Walsh, and Palumbo

Read first time 01/25/19. Referred to Committee on Ways & Means.

1 AN ACT Relating to the classification of heavy equipment rental  
2 property as inventory; adding a new section to chapter 84.36 RCW; and  
3 creating new sections.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36  
6 RCW to read as follows:

7 (1) All heavy equipment rental property owned by a heavy  
8 equipment rental property dealer is exempt from taxation.

9 (2) The definitions in this subsection apply throughout this  
10 section unless the context clearly requires otherwise.

11 (a)(i) "Heavy equipment rental property" means any equipment that  
12 is rented by a heavy equipment rental property dealer that:

13 (A) Is mobile. For purposes of this subsection, "mobile" means  
14 that the heavy equipment property is not permanently affixed to real  
15 property and is moved among worksites as needed;

16 (B) Is used for construction or industrial applications. For the  
17 purposes of this subsection, "construction or industrial  
18 applications" means that the rental equipment is used by a heavy  
19 equipment rental property dealer in the ordinary course of their  
20 business; and

21 (C) Is rented without an operator.

1 (ii) "Heavy equipment rental property" includes, but is not  
2 limited to the following:

3 (A) Earthmoving equipment, including but not limited to backhoes,  
4 loaders, rollers, excavators, bulldozers, and dump trucks;

5 (B) Self-propelled vehicles that are not designed to be driven on  
6 the highway;

7 (C) Industrial electrical generation equipment;

8 (D) Industrial lift equipment;

9 (E) Industrial material handling equipment;

10 (F) Equipment used in shoring, shielding, and ground trenching;

11 (G) Portable power and HVAC generation equipment;

12 (H) Attachments to heavy equipment rental property, including but  
13 not limited to buckets, augers, hammers for backhoes, hoses,  
14 fittings, piping, chains, tools (such as jack hammers and cement  
15 chippers), and portable power connections;

16 (I) Ancillary equipment, including but not limited to generators,  
17 ground thawing equipment, fluid transfer equipment, pumping  
18 equipment, portable storage, portable fuel and water tanks, and light  
19 towers; and

20 (J) Equipment or vehicles not subject to vehicle license fees and  
21 not required to be registered with the department of licensing.

22 (iii) "Heavy equipment rental property" does not include small  
23 hand tools, chainsaws, or lawnmowers.

24 (b) "Heavy equipment rental property dealer" means a person  
25 principally engaged in the business of renting heavy equipment rental  
26 property. For purposes of this subsection, "principally" means that  
27 the heavy equipment rental property dealer receives more than fifty  
28 percent of the dealer's annual total revenue from the rental of heavy  
29 equipment rental property.

30 NEW SECTION. **Sec. 2.** This act applies to taxes levied for  
31 collection in 2022 and thereafter.

32 NEW SECTION. **Sec. 3.** The provisions of RCW 82.32.805 and  
33 82.32.808 do not apply to this act.

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