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**HOUSE BILL 1235**

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**State of Washington**

**67th Legislature**

**2021 Regular Session**

**By** Representatives Young, Santos, Dolan, Ryu, Leavitt, Caldier, Eslick, Thai, Callan, Rule, Wicks, and Pollet

Read first time 01/18/21. Referred to Committee on Finance.

1 AN ACT Relating to exempting school districts from the state  
2 portion of sales and use taxes on school construction; adding a new  
3 section to chapter 82.08 RCW; adding a new section to chapter 82.12  
4 RCW; creating new sections; and providing an effective date.

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

6 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08  
7 RCW to read as follows:

8 (1) School districts are eligible for an exemption from sales tax  
9 in the form of a remittance as provided in this section. The school  
10 district must have paid the tax levied by RCW 82.08.020 on the sale  
11 of or charge made for labor and materials used for qualifying  
12 construction. The amount of the remittance is computed under  
13 subsection (2) of this section and is based on the state share of  
14 sales tax.

15 (2)(a) A person claiming an exemption from state tax in the form  
16 of a remittance under this section must pay the tax imposed by RCW  
17 82.08.020. The school district may then apply to the department for  
18 remittance of all the tax paid under RCW 82.08.020.

19 (b) The department must determine eligibility under this section  
20 based on information provided by the district and through audit and  
21 other administrative records. The district may on a quarterly basis

1 submit an information sheet, in a form and manner as required by the  
2 department by rule, specifying the amount of exempted tax claimed and  
3 the qualifying construction for which the exemption is claimed.

4 (c) The department must on a quarterly basis remit exempted  
5 amounts to qualifying districts submitting applications during the  
6 previous quarter.

7 (3) The definitions in this subsection apply throughout this  
8 section unless the context clearly requires otherwise.

9 (a) "Qualifying construction" means clearing land, moving earth,  
10 site preparation, constructing, repairing, decorating, renovating,  
11 expanding, or improving of new or existing buildings, structures,  
12 facilities, or any other school ground improvement under, upon, or  
13 above real property.

14 (b) "School district" or "district" has the meaning provided in  
15 RCW 28A.315.025.

16 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12  
17 RCW to read as follows:

18 (1) School districts are eligible for an exemption from use tax  
19 in the form of a remittance as provided in this section. The district  
20 must have paid the tax levied under this chapter on the use of labor  
21 or materials, or both, for qualifying construction.

22 (2) The definitions and requirements of section 1 of this act  
23 apply to this section.

24 NEW SECTION. **Sec. 3.** This act applies to the sale of, charge  
25 made, or use of labor and materials for qualifying construction that  
26 occurs on or after August 1, 2021.

27 NEW SECTION. **Sec. 4.** The provisions of RCW 82.32.805 and  
28 82.32.808 do not apply to this act.

29 NEW SECTION. **Sec. 5.** This act takes effect August 1, 2021.

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