
SENATE BILL 6498

State of Washington

54th Legislature

1996 Regular Session

By Senators Quigley, McAuliffe and Rasmussen

Read first time 01/16/96. Referred to Committee on Ways & Means.

1 AN ACT Relating to sales and use tax exemptions for manufacturing
2 machinery and equipment in distressed areas; amending RCW 82.08.02565;
3 creating a new section; and declaring an emergency.

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

5 **Sec. 1.** RCW 82.08.02565 and 1995 1st sp.s. c 3 s 2 are each
6 amended to read as follows:

7 (1) The tax levied by RCW 82.08.020 shall not apply to sales to a
8 manufacturer or processor for hire of machinery and equipment used
9 directly in a manufacturing operation, or to sales of or charges made
10 for labor and services rendered in respect to installing the machinery
11 and equipment, but only when the purchaser provides the seller with an
12 exemption certificate in a form and manner prescribed by the department
13 by rule, and the purchaser provides the department with a duplicate of
14 the certificate or a summary of exempt sales as the department may
15 require. The seller shall retain a copy of the certificate for the
16 seller's files.

17 (2) For purposes of this section and RCW 82.12.02565:

18 (a) "Machinery and equipment" means industrial fixtures, devices,
19 and support facilities. "Machinery and equipment" includes pollution

1 control equipment installed and used in a manufacturing operation to
2 prevent air pollution, water pollution, or contamination that might
3 otherwise result from the manufacturing operation.

4 (b) "Machinery and equipment" does not include:

5 (i) Hand tools;

6 (ii) Property with a useful life of less than one year;

7 (iii) Repair parts required to restore machinery and equipment to
8 normal working order;

9 (iv) Replacement parts that do not increase productivity, improve
10 efficiency, or extend the useful life of the machinery and equipment;
11 or

12 (v) Building fixtures that are not integral to the manufacturing
13 operation that are permanently affixed to and become a physical part of
14 a building, such as utility systems for heating, ventilation, air
15 conditioning, communications, plumbing, or electrical.

16 (c) Machinery and equipment is "used directly" in a manufacturing
17 operation if the machinery and equipment:

18 (i) Acts upon or interacts with an item of tangible personal
19 property;

20 (ii) Conveys, transports, handles, or temporarily stores an item of
21 tangible personal property at the manufacturing site;

22 (iii) Controls, guides, measures, verifies, aligns, regulates, or
23 tests tangible personal property;

24 (iv) Provides physical support for or access to tangible personal
25 property;

26 (v) Produces power for, or lubricates machinery and equipment;

27 (vi) Produces another item of tangible personal property for use in
28 the manufacturing operation; or

29 (vii) Places tangible personal property in the container, package,
30 or wrapping in which the tangible personal property is normally sold or
31 transported.

32 (d) "Manufacturing operation" means the manufacturing of articles,
33 substances, or commodities for sale as tangible personal property. The
34 manufacturing operation begins at the point where the raw materials
35 enter the manufacturing site and ends at the point where the finished
36 product leaves the manufacturing site. In the case of the
37 manufacturing of building trusses in eligible areas, as defined in RCW
38 82.60.020(3)(d), the manufacturing operation ends at the point where
39 the finished product is delivered to the building site. The term also

1 includes that portion of a cogeneration project that is used to
2 generate power for consumption within the manufacturing site of which
3 the cogeneration project is an integral part. The term does not
4 include research and development, the production of electricity by a
5 light and power business as defined in RCW 82.16.010, or the
6 preparation of food products on the premises of a person selling food
7 products at retail.

8 (e) "Cogeneration" means the simultaneous generation of electrical
9 energy and low-grade heat from the same fuel.

10 NEW SECTION. **Sec. 2.** This act applies to manufacturing machinery
11 and equipment acquired after June 30, 1995.

12 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
13 preservation of the public peace, health, or safety, or support of the
14 state government and its existing public institutions, and shall take
15 effect immediately.

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