

# SENATE BILL REPORT

## SB 5508

---

---

As of March 1, 2005

**Title:** An act relating to sales and use tax exemptions for light and power businesses.

**Brief Description:** Providing sales and use tax exemptions for light and power businesses.

**Sponsors:** Senators Doumit and Hewitt.

**Brief History:**

**Committee Activity:** Ways & Means: 3/2/05.

---

### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** Sales tax is imposed on retail sales of most items of tangible personal property and some services. The use tax is imposed on the same privilege of using tangible personal property or services in instances where the sales tax does not apply. Sales and use taxes are levied by the state, counties, and cities, and total rates vary from 7 to 8.9 percent.

Machinery and equipment purchased by manufacturers and used in manufacturing processes is exempt from the sales and use tax. Light and power businesses are specifically excluded from the definition of manufacturing processes.

**Summary of Bill:** A sales tax exemption is provided for machinery and equipment used directly in generating electricity by light and power businesses in new generation facilities.

Machinery and equipment must be industrial fixtures, devices, and support facilities that are integral and necessary to the generation of electricity.

Machinery and equipment do not include; hand-powered tools, property with a useful life of less than one year, replacement parts, repair parts, buildings, or building fixtures that are not integral to the generation of electricity that are a part of the building.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill takes effect on July 1, 2006.