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**HOUSE BILL 2289**

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**State of Washington 68th Legislature 2024 Regular Session**

**By** Representatives Wilcox, Chapman, Kretz, Walen, Dent, Barkis, and Barnard

AN ACT Relating to providing a sales and use tax exemption for inputs required for salmon recovery projects; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; and creating a new section.

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

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

(1) Subject to the requirements of this section, the tax levied by RCW 82.08.020 does not apply to the sales of or charges made for:

(a) Labor and services rendered in respect to the construction of a qualified salmon recovery project, or the installation of any equipment or tangible personal property incorporated into a qualified salmon recovery project; and

(b) Building materials, equipment, and tangible personal property incorporated into a qualified salmon recovery project.

(2)(a) In order to obtain an exemption certificate under this section, a qualified salmon recovery project sponsor must submit an application to the department for an exemption certificate. The application must include the information necessary, as required by the department, to determine that the qualified salmon recovery project sponsor qualifies for the exemption under this section. The department must issue an exemption certificate to a qualified salmon recovery project sponsor.

(b) In order to claim an exemption under this section, a qualified salmon recovery project sponsor must provide the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(c) The exemption certificate is effective on the date the application is received by the department, which is the date of issuance. The exemption provided in this section does not apply to any property or services that are received by the qualified salmon recovery project sponsor, or its agent, before July 1, 2024. For the purposes of this subsection (2)(c), "received" means:

(i) Taking physical possession of, or having dominion and control over, the tangible personal property eligible for the exemption in subsection (1)(b) of this section; and

(ii) The labor and services in subsection (1)(a) of this section have been performed.

(d) The exemption certificate expires on the date the project is certified as operationally complete by the qualified salmon recovery project. The qualified salmon recovery project sponsor must notify the department, in a form and manner as required by the department, when the project is certified as operationally complete.

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

(a) "Operationally complete" means the qualified salmon recovery project is capable of being used for its intended purpose as described in the exemption certificate application.

(b) "Qualified salmon recovery project" means a project outlined with the goal of increasing salmon and steelhead stocks, including the construction, restoration, or improvement of habitat, hatchery facilities, and fish barrier removal or replacement, and including land acquisition and easements.

(c) "Qualified salmon recovery project sponsor" means any private, public, or tribal entity engaging in the construction or rehabilitation of a qualified salmon recovery project for which it has received state funding to do so.

(4) A qualified salmon recovery project sponsor within 60 days of the expiration of the exemption certificate under subsection (2)(d) of this section must pay any tax due under this subsection. The department may not assess penalties and interest as provided in chapter 82.32 RCW on the amount due if the amount due is paid within the 60-day period, or any extension thereof. The department may require a qualified salmon recovery project sponsor to periodically submit documentation, as specified by the department, prior to the expiration of the exemption certificate to allow the department to track the total amount of sales and use tax exempted under this section.

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

(1) Provided an exemption certificate has been issued pursuant to section 1 of this act, the provisions of this chapter do not apply with respect to the use of:

(a) Labor and services rendered in respect to the construction of a qualified salmon recovery project, or the installation of any equipment or tangible personal property incorporated into a qualified salmon recovery project; and

(b) Building materials, equipment, and tangible personal property incorporated into a qualified salmon recovery project.

(2) All of the eligibility requirements, conditions, limitations, and definitions in section 1 of this act apply to this section.

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

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