

VETO MESSAGE ON HB 2337

March 30, 1996

To the Honorable Speaker and Members,

The House of Representatives of the State of Washington
Ladies and Gentlemen:

I am returning herewith, without my approval as to sections 6 and 7, House Bill No. 2337 entitled:

"AN ACT Relating to distressed county designation;"

House Bill No. 2337 changes the definition of "eligible area" for purposes of the distressed area sales and use tax deferral program and other state programs and amends the definition of "manufacturing operation" for purposes of the manufacturer's sales and use tax exemption for purchases of machinery and equipment.

Section 6 of House Bill No. 2337 changes the definition of "manufacturing operation" so as to extend the manufacturer's sales and use tax exemption to purchases of vehicles used in timber impact areas to deliver trusses to a construction site. This legislation would establish a disturbing precedent. For purposes of a tax exemption, it would extend the concept of a manufacturing facility beyond the physical plant at which machinery and equipment are used to make a product to include the equipment used to deliver the product to the customer. This is contrary to the aim of the exemption enacted in the 1995 session.

Section 7 indicates that the change in section 6 applies retroactively to purchases made after June 30, 1995. The retroactive nature of this section does not represent sound tax policy. It rewards taxpayers who choose not to pay a lawful tax and encourages others to take similar action and to seek narrow legislative exemptions.

For these reasons, I have vetoed sections 6 and 7 of House Bill No. 2337.

With the exception of sections 6 and 7, House Bill No. 2337 is approved.

Respectfully submitted,
Mike Lowry
Governor