

2SSB 5805 - S AMD 363

By Senators Hatfield, Schoesler, Rasmussen, Zarelli, Prentice

PULLED 04/09/2007

1 Strike everything after the enacting clause and insert the  
2 following:

3 "Sec. 1. RCW 82.08.820 and 2006 c 354 s 11 are each amended to  
4 read as follows:

5 (1) Wholesalers or third-party warehouseurs who own or operate  
6 warehouses (~~((or))~~), grain elevators, or large grain elevator facilities,  
7 and retailers who own or operate distribution centers, and who have  
8 paid the tax levied by RCW 82.08.020 on:

9 (a) Material-handling and racking equipment(~~((r))~~) or large grain  
10 elevator equipment and labor and services rendered in respect to  
11 installing, repairing, cleaning, altering, or improving (~~((the))~~) all  
12 such equipment; or

13 (b) Construction of a warehouse, or construction, remodeling,  
14 repair, cleaning, altering, or improving of a large grain elevator,  
15 including materials, and including service and labor costs,  
16 are eligible for an exemption in the form of a remittance. The amount  
17 of the remittance is computed under subsection (3) of this section and  
18 is based on the state share of sales tax.

19 (2) For purposes of this section and RCW 82.12.820:

20 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

21 (b) "Cold storage warehouse" has the meaning provided in RCW  
22 82.74.010;

23 (c) "Construction" means the actual construction of a warehouse  
24 (~~((or))~~), grain elevator, or large grain elevator that did not exist  
25 before the construction began. "Construction" includes expansion, but  
26 in the case of a cold storage warehouse only, if the expansion adds at  
27 least twenty-five thousand square feet of additional space to an  
28 existing cold storage warehouse, or in the case of a warehouse other  
29 than a cold storage warehouse, only if the expansion adds at least two  
30 hundred thousand square feet of additional space to an existing

1 warehouse other than a cold storage warehouse, or (~~additional~~) in the  
2 case of a grain elevator, only if the expansion adds storage capacity  
3 of at least one million bushels to an existing grain elevator.

4 "Construction" does not include renovation, remodeling, or repair;

5 (d) "Department" means the department of revenue;

6 (e) "Distribution center" means a warehouse that is used  
7 exclusively by a retailer solely for the storage and distribution of  
8 finished goods to retail outlets of the retailer. "Distribution  
9 center" does not include a warehouse at which retail sales occur;

10 (f) "Finished goods" means tangible personal property intended for  
11 sale by a retailer or wholesaler. "Finished goods" does not include  
12 agricultural products stored by wholesalers, third-party warehouses, or  
13 retailers if the storage takes place on the land of the person who  
14 produced the agricultural product. "Finished goods" does not include  
15 logs, minerals, petroleum, gas, or other extracted products stored as  
16 raw materials or in bulk;

17 (g) "Grain elevator" means a structure used for storage and  
18 handling of grain in bulk;

19 (h) "Large grain elevator" means storage silos, tanks, conveyers  
20 and their supports, scale towers, bins, electrical improvements,  
21 scales, foundations, rails and rail beds, and other buildings primarily  
22 used to handle, store, organize, condition, analyze, or convey grain,  
23 oil seeds, and byproducts thereof in bulk. Office space, lunchrooms,  
24 restrooms, maintenance buildings, control and computer systems used to  
25 operate such facilities, and other space necessary for the operation of  
26 the large grain elevator are considered part of the large grain  
27 elevator as are loading docks and other such space or structures  
28 attached or adjacent to the conveyers, and other necessary devices and  
29 structures used to receive, convey, or discharge grain, oil seeds, and  
30 byproducts thereof via means of waterborne, rail, highway, or  
31 intermodal transport and used for handling of grain, oil seeds, and  
32 byproducts thereof. Roads, landscaping, and parking lots are not  
33 considered part of the large grain elevator. A storage yard is not a  
34 large grain elevator nor is a structure in which manufacturing takes  
35 place;

36 (~~h~~) (i) "Large grain elevator facility" means one or more  
37 contiguous parcels of real property with one or more large grain  
38 elevators with a combined capacity of at least three million bushels;

1       (j) "Large grain elevator equipment" means equipment within a large  
2 grain elevator facility that is primarily used to handle, store,  
3 organize, convey, condition, or analyze grain, oil seeds, and  
4 byproducts thereof which is not defined as a large grain elevator. The  
5 term includes tangible personal property with a useful life of one year  
6 or more that becomes an ingredient or component of the equipment,  
7 including repair and replacement parts. The term does not include  
8 equipment in offices, lunchrooms, restrooms, and other like space,  
9 within a large grain elevator facility, or equipment used for nonlarge  
10 grain elevator purposes. "Large grain elevator equipment" includes but  
11 is not limited to: Samplers, air compressors, quality analyzing  
12 equipment, worker and environmental safety equipment, conditioning  
13 equipment used to maintain quality, lifts, positioners, cranes, hoists,  
14 mechanical arms, and robots; and forklifts and other off-the-road  
15 vehicles that are used to lift or move tangible personal property and  
16 that cannot be operated legally on roads and streets;

17       (k) "Material-handling equipment and racking equipment" means  
18 equipment in a warehouse or grain elevator that is primarily used to  
19 handle, store, organize, convey, package, or repackage finished goods.  
20 The term includes tangible personal property with a useful life of one  
21 year or more that becomes an ingredient or component of the equipment,  
22 including repair and replacement parts. The term does not include  
23 equipment in offices, lunchrooms, restrooms, and other like space,  
24 within a warehouse or grain elevator, or equipment used for  
25 nonwarehousing purposes. "Material-handling equipment" includes but is  
26 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-  
27 place units, cranes, hoists, mechanical arms, and robots; mechanized  
28 systems, including containers that are an integral part of the system,  
29 whose purpose is to lift or move tangible personal property; and  
30 automated handling, storage, and retrieval systems, including computers  
31 that control them, whose purpose is to lift or move tangible personal  
32 property; and forklifts and other off-the-road vehicles that are used  
33 to lift or move tangible personal property and that cannot be operated  
34 legally on roads and streets. "Racking equipment" includes, but is not  
35 limited to, conveying systems, chutes, shelves, racks, bins, drawers,  
36 pallets, and other containers and storage devices that form a necessary  
37 part of the storage system;

38       ((+i)) (l) "Person" has the meaning given in RCW 82.04.030;

1       (~~(j)~~) (m) "Retailer" means a person who makes "sales at retail"  
2 as defined in chapter 82.04 RCW of tangible personal property;

3       (~~(k)~~) (n) "Square footage" means the product of the two  
4 horizontal dimensions of each floor of a specific warehouse. The  
5 entire footprint of the warehouse shall be measured in calculating the  
6 square footage, including space that juts out from the building profile  
7 such as loading docks. "Square footage" does not mean the aggregate of  
8 the square footage of more than one warehouse at a location or the  
9 aggregate of the square footage of warehouses at more than one  
10 location;

11       (~~(l)~~) (o) "Third-party warehouse" means a person taxable under  
12 RCW 82.04.280(4);

13       (~~(m)~~) (p) "Warehouse" means an enclosed building or structure in  
14 which finished goods are stored. A warehouse building or structure may  
15 have more than one storage room and more than one floor. Office space,  
16 lunchrooms, restrooms, and other space within the warehouse and  
17 necessary for the operation of the warehouse are considered part of the  
18 warehouse as are loading docks and other such space attached to the  
19 building and used for handling of finished goods. Landscaping and  
20 parking lots are not considered part of the warehouse. A storage yard  
21 is not a warehouse, nor is a building in which manufacturing takes  
22 place; and

23       (~~(n)~~) (q) "Wholesaler" means a person who makes "sales at  
24 wholesale" as defined in chapter 82.04 RCW of tangible personal  
25 property, but "wholesaler" does not include a person who makes sales  
26 exempt under RCW 82.04.330.

27       (3)(a) A person claiming an exemption from state tax in the form of  
28 a remittance under this section must pay the tax imposed by RCW  
29 82.08.020. The buyer may then apply to the department for remittance  
30 of all or part of the tax paid under RCW 82.08.020. For grain  
31 elevators with bushel capacity of one million but less than two  
32 million, the remittance is equal to fifty percent of the amount of tax  
33 paid. For warehouses with square footage of two hundred thousand or  
34 more, other than cold storage warehouses, and for grain elevators with  
35 bushel capacity of two million or more, the remittance is equal to one  
36 hundred percent of the amount of tax paid for qualifying construction,  
37 materials, service, and labor, and fifty percent of the amount of tax  
38 paid for qualifying material-handling equipment and racking equipment,

1 and labor and services rendered in respect to installing, repairing,  
2 cleaning, altering, or improving the equipment. For cold storage  
3 warehouses with square footage of twenty-five thousand or more, the  
4 remittance is equal to one hundred percent of the amount of tax paid  
5 for qualifying construction, materials, service, and labor, and one  
6 hundred percent of the amount of tax paid for qualifying material-  
7 handling equipment and racking equipment, and labor and services  
8 rendered in respect to installing, repairing, cleaning, altering, or  
9 improving the equipment. For large grain elevator facilities, the  
10 remittance is equal to one hundred percent of the amount of tax paid  
11 for qualifying construction, remodeling, repairing, cleaning, altering,  
12 or improving, and materials, service, and labor of large grain  
13 elevators, and fifty percent of the amount of tax paid for qualifying  
14 large grain elevator equipment, and labor and services rendered in  
15 respect to installing, repairing, cleaning, altering, or improving the  
16 equipment.

17 (b) The department shall determine eligibility under this section  
18 based on information provided by the buyer and through audit and other  
19 administrative records. The buyer shall on a quarterly basis submit an  
20 information sheet, in a form and manner as required by the department  
21 by rule, specifying the amount of exempted tax claimed and the  
22 qualifying purchases or acquisitions for which the exemption is  
23 claimed. The buyer shall retain, in adequate detail to enable the  
24 department to determine whether the equipment or construction meets the  
25 criteria under this section: Invoices; proof of tax paid; documents  
26 describing the material-handling equipment and racking equipment or  
27 large grain elevator equipment; location and size of warehouses  
28 ~~((and))~~, grain elevators, and large grain elevator facilities; and  
29 construction invoices and documents.

30 (c) The department shall on a quarterly basis remit exempted  
31 amounts to qualifying persons who submitted applications during the  
32 previous quarter.

33 (4) Warehouses, grain elevators, large grain elevators, large grain  
34 elevator equipment, and material-handling equipment and racking  
35 equipment for which an exemption, credit, or deferral has been or is  
36 being received under chapter 82.60, 82.62, or 82.63 RCW or RCW  
37 82.08.02565 or 82.12.02565 are not eligible for any remittance under

1 this section. Warehouses and grain elevators upon which construction  
2 was initiated before May 20, 1997, are not eligible for a remittance  
3 under this section.

4 (5) The lessor or owner of a warehouse (~~(or)~~) grain elevator, or  
5 large grain elevator is not eligible for a remittance under this  
6 section unless the underlying ownership of the warehouse (~~(or)~~) grain  
7 elevator, or large grain elevator, and the material-handling equipment  
8 and racking equipment or large grain elevator equipment vests  
9 exclusively in the same person, or unless the lessor by written  
10 contract agrees to pass the economic benefit of the remittance to the  
11 lessee in the form of reduced rent payments.

12 **Sec. 2.** RCW 82.08.820 and 2006 c 354 s 11 are each amended to read  
13 as follows:

14 (1) Wholesalers or third-party warehouse owners who own or operate  
15 warehouses or grain elevators and retailers who own or operate  
16 distribution centers, and who have paid the tax levied by RCW 82.08.020  
17 on:

18 (a) Material-handling and racking equipment, or grain elevator  
19 equipment, and labor and services rendered in respect to installing,  
20 repairing, cleaning, altering, or improving (~~(the))~~ all such equipment;  
21 or

22 (b) Construction of a warehouse or construction, remodeling,  
23 repair, cleaning, altering, or improving of a grain elevator, including  
24 materials, and including service and labor costs,  
25 are eligible for an exemption in the form of a remittance. The amount  
26 of the remittance is computed under subsection (3) of this section and  
27 is based on the state share of sales tax.

28 (2) For purposes of this section and RCW 82.12.820:

29 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

30 (b) "Cold storage warehouse" has the meaning provided in RCW  
31 82.74.010;

32 (c) "Construction" means the actual construction of a warehouse or  
33 grain elevator that did not exist before the construction began.  
34 "Construction" includes expansion, but in the case of a cold storage  
35 warehouse only, if the expansion adds at least twenty-five thousand  
36 square feet of additional space to an existing cold storage warehouse,  
37 or in the case of a warehouse other than a cold storage warehouse, only

1 if the expansion adds at least two hundred thousand square feet of  
2 additional space to an existing warehouse other than a cold storage  
3 warehouse(~~(, or additional storage capacity of at least one million~~  
4 ~~bushels to an existing grain elevator)~~). "Construction" does not  
5 include renovation, remodeling, or repair;

6 (d) "Department" means the department of revenue;

7 (e) "Distribution center" means a warehouse that is used  
8 exclusively by a retailer solely for the storage and distribution of  
9 finished goods to retail outlets of the retailer. "Distribution  
10 center" does not include a warehouse at which retail sales occur;

11 (f) "Finished goods" means tangible personal property intended for  
12 sale by a retailer or wholesaler. "Finished goods" does not include  
13 agricultural products stored by wholesalers, third-party warehouses, or  
14 retailers if the storage takes place on the land of the person who  
15 produced the agricultural product. "Finished goods" does not include  
16 logs, minerals, petroleum, gas, or other extracted products stored as  
17 raw materials or in bulk;

18 (g) "Grain elevator" means (~~a structure used for storage and~~  
19 ~~handling of grain in bulk~~) storage silos, tanks, conveyers and their  
20 supports, scale towers, bins, electrical improvements, scales,  
21 foundations, rails and rail beds, and other buildings primarily used to  
22 handle, store, organize, condition, analyze, or convey grain, oil  
23 seeds, and byproducts thereof in bulk. Office space, lunchrooms,  
24 restrooms, maintenance buildings, control and computer systems used to  
25 operate such facilities, and other space necessary for the operation of  
26 the grain elevator are considered part of the grain elevator as are  
27 loading docks and other such space or structures attached or adjacent  
28 to the conveyers, and other necessary devices and structures used to  
29 receive, convey, or discharge grain, oil seeds, and byproducts thereof  
30 via means of waterborne, rail, highway, or intermodal transport and  
31 used for handling of grain, oil seeds, and byproducts thereof. Roads,  
32 landscaping, and parking lots are not considered part of the grain  
33 elevator. A storage yard is not a grain elevator nor is a structure in  
34 which manufacturing takes place;

35 (h) "Grain exporting facility" means one or more contiguous parcels  
36 of real property with one or more grain elevators;

37 (i) "Grain elevator equipment" means equipment within a grain  
38 elevator facility that is primarily used to handle, store, organize,

1 convey, condition, or analyze grain, oil seeds, and byproducts thereof  
2 which is not defined as a grain elevator. The term includes tangible  
3 personal property with a useful life of one year or more that becomes  
4 an ingredient or component of the equipment, including repair and  
5 replacement parts. The term does not include equipment in offices,  
6 lunchrooms, restrooms, and other like space, within a grain elevator  
7 facility, or equipment used for nongrain elevator purposes. "Grain  
8 elevator equipment" includes but is not limited to: Samplers, air  
9 compressors, quality analyzing equipment, worker and environmental  
10 safety equipment, conditioning equipment used to maintain quality,  
11 lifts, positioners, cranes, hoists, mechanical arms, and robots; and  
12 forklifts and other off-the-road vehicles that are used to lift or move  
13 tangible personal property and that cannot be operated legally on roads  
14 and streets;

15 (j) "Material-handling equipment and racking equipment" means  
16 equipment in a warehouse or grain elevator that is primarily used to  
17 handle, store, organize, convey, package, or repackage finished goods.  
18 The term includes tangible personal property with a useful life of one  
19 year or more that becomes an ingredient or component of the equipment,  
20 including repair and replacement parts. The term does not include  
21 equipment in offices, lunchrooms, restrooms, and other like space,  
22 within a warehouse or grain elevator, or equipment used for  
23 nonwarehousing purposes. "Material-handling equipment" includes but is  
24 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-  
25 place units, cranes, hoists, mechanical arms, and robots; mechanized  
26 systems, including containers that are an integral part of the system,  
27 whose purpose is to lift or move tangible personal property; and  
28 automated handling, storage, and retrieval systems, including computers  
29 that control them, whose purpose is to lift or move tangible personal  
30 property; and forklifts and other off-the-road vehicles that are used  
31 to lift or move tangible personal property and that cannot be operated  
32 legally on roads and streets. "Racking equipment" includes, but is not  
33 limited to, conveying systems, chutes, shelves, racks, bins, drawers,  
34 pallets, and other containers and storage devices that form a necessary  
35 part of the storage system;

36 ((+i)) (k) "Person" has the meaning given in RCW 82.04.030;

37 ((+j)) (l) "Retailer" means a person who makes "sales at retail"  
38 as defined in chapter 82.04 RCW of tangible personal property;



1       (~~(k)~~) (m) "Square footage" means the product of the two  
2 horizontal dimensions of each floor of a specific warehouse. The  
3 entire footprint of the warehouse shall be measured in calculating the  
4 square footage, including space that juts out from the building profile  
5 such as loading docks. "Square footage" does not mean the aggregate of  
6 the square footage of more than one warehouse at a location or the  
7 aggregate of the square footage of warehouses at more than one  
8 location;

9       (~~(l)~~) (n) "Third-party warehouse" means a person taxable under  
10 RCW 82.04.280(4);

11       (~~(m)~~) (o) "Warehouse" means an enclosed building or structure in  
12 which finished goods are stored. A warehouse building or structure may  
13 have more than one storage room and more than one floor. Office space,  
14 lunchrooms, restrooms, and other space within the warehouse and  
15 necessary for the operation of the warehouse are considered part of the  
16 warehouse as are loading docks and other such space attached to the  
17 building and used for handling of finished goods. Landscaping and  
18 parking lots are not considered part of the warehouse. A storage yard  
19 is not a warehouse, nor is a building in which manufacturing takes  
20 place; and

21       (~~(n)~~) (p) "Wholesaler" means a person who makes "sales at  
22 wholesale" as defined in chapter 82.04 RCW of tangible personal  
23 property, but "wholesaler" does not include a person who makes sales  
24 exempt under RCW 82.04.330.

25       (3)(a) A person claiming an exemption from state tax in the form of  
26 a remittance under this section must pay the tax imposed by RCW  
27 82.08.020. The buyer may then apply to the department for remittance  
28 of all or part of the tax paid under RCW 82.08.020. For grain  
29 elevators with combined bushel capacity of one million (~~but less than~~  
30 ~~two million,~~) or more and for grain elevators required to be issued a  
31 license by the department of agriculture under chapter 22.09 RCW or  
32 required to be licensed by the federal government for purposes similar  
33 to those of licensure under chapter 22.09 RCW but with bushel capacity  
34 of less than one million the remittance is equal to (~~(fifty)~~) one  
35 hundred percent of the amount of tax paid for qualifying construction,  
36 remodeling, repairing, cleaning, altering, or improving, and materials,  
37 service, and labor relating to a grain elevator, and fifty percent of  
38 the amount of tax paid for qualifying grain elevator equipment, and

1 labor and services rendered in respect to installing, repairing,  
2 cleaning, altering, or improving the equipment. For warehouses with  
3 square footage of two hundred thousand or more, other than cold storage  
4 warehouses, ~~((and for grain elevators with bushel capacity of two~~  
5 ~~million)) the remittance is equal to one hundred percent of the amount  
6 of tax paid for qualifying construction, materials, service, and labor,  
7 and fifty percent of the amount of tax paid for qualifying  
8 material-handling equipment and racking equipment, and labor and  
9 services rendered in respect to installing, repairing, cleaning,  
10 altering, or improving the equipment. For cold storage warehouses with  
11 square footage of twenty-five thousand or more, the remittance is equal  
12 to one hundred percent of the amount of tax paid for qualifying  
13 construction, materials, service, and labor, and ~~((fifty))~~ one hundred  
14 percent of the amount of tax paid for qualifying material-handling  
15 equipment and racking equipment, and labor and services rendered in  
16 respect to installing, repairing, cleaning, altering, or improving the  
17 equipment. ~~((For cold storage warehouses with square footage of~~  
18 ~~twenty five thousand or more, the remittance is equal to one hundred~~  
19 ~~percent of the amount of tax paid for qualifying construction,~~  
20 ~~materials, service, and labor, and one hundred percent of the amount of~~  
21 ~~tax paid for qualifying material handling equipment and racking~~  
22 ~~equipment, and labor and services rendered in respect to installing,~~  
23 ~~repairing, cleaning, altering, or improving the equipment.))~~~~

24 (b) The department shall determine eligibility under this section  
25 based on information provided by the buyer and through audit and other  
26 administrative records. The buyer shall on a quarterly basis submit an  
27 information sheet, in a form and manner as required by the department  
28 by rule, specifying the amount of exempted tax claimed and the  
29 qualifying purchases or acquisitions for which the exemption is  
30 claimed. The buyer shall retain, in adequate detail to enable the  
31 department to determine whether the equipment or construction meets the  
32 criteria under this section: Invoices; proof of tax paid; documents  
33 describing the material-handling equipment and racking equipment or  
34 grain elevator equipment; location and size of warehouses and grain  
35 elevators; and construction invoices and documents.

36 (c) The department shall on a quarterly basis remit exempted  
37 amounts to qualifying persons who submitted applications during the  
38 previous quarter.

1 (4) Warehouses, grain elevators, (~~and~~) material-handling  
2 equipment and racking equipment, and grain elevator equipment for which  
3 an exemption, credit, or deferral has been or is being received under  
4 chapter 82.60, 82.62, or 82.63 RCW or RCW 82.08.02565 or 82.12.02565  
5 are not eligible for any remittance under this section. Warehouses and  
6 grain elevators upon which construction was initiated before May 20,  
7 1997, are not eligible for a remittance under this section.

8 (5) The lessor or owner of a warehouse or grain elevator is not  
9 eligible for a remittance under this section unless the underlying  
10 ownership of the warehouse or grain elevator and the material-handling  
11 equipment and racking equipment or grain elevator equipment vests  
12 exclusively in the same person, or unless the lessor by written  
13 contract agrees to pass the economic benefit of the remittance to the  
14 lessee in the form of reduced rent payments.

15 **Sec. 3.** RCW 82.08.820 and 2006 c 354 s 12 are each amended to read  
16 as follows:

17 (1) Wholesalers or third-party warehouse owners who own or operate  
18 warehouses or grain elevators and retailers who own or operate  
19 distribution centers, and who have paid the tax levied by RCW 82.08.020  
20 on:

21 (a) Material-handling and racking equipment or grain elevator  
22 equipment, and labor and services rendered in respect to installing,  
23 repairing, cleaning, altering, or improving (~~the~~) all such equipment;  
24 or

25 (b) Construction of a warehouse or construction, remodeling,  
26 repair, cleaning, altering, or improving of a grain elevator, including  
27 materials, and including service and labor costs, are eligible for an  
28 exemption in the form of a remittance. The amount of the remittance is  
29 computed under subsection (3) of this section and is based on the state  
30 share of sales tax.

31 (2) For purposes of this section and RCW 82.12.820:

32 (a) "Agricultural products" has the meaning given in RCW 82.04.213;

33 (b) "Construction" means the actual construction of a warehouse or  
34 grain elevator that did not exist before the construction began.  
35 "Construction" includes expansion, but in the case of a warehouse, only  
36 if the expansion adds at least two hundred thousand square feet of  
37 additional space to an existing warehouse (~~or additional storage~~

1 ~~capacity of at least one million bushels to an existing grain~~  
2 ~~elevator~~). "Construction" does not include renovation, remodeling, or  
3 repair;

4 (c) "Department" means the department of revenue;

5 (d) "Distribution center" means a warehouse that is used  
6 exclusively by a retailer solely for the storage and distribution of  
7 finished goods to retail outlets of the retailer. "Distribution  
8 center" does not include a warehouse at which retail sales occur;

9 (e) "Finished goods" means tangible personal property intended for  
10 sale by a retailer or wholesaler. "Finished goods" does not include  
11 agricultural products stored by wholesalers, third-party warehouses, or  
12 retailers if the storage takes place on the land of the person who  
13 produced the agricultural product. "Finished goods" does not include  
14 logs, minerals, petroleum, gas, or other extracted products stored as  
15 raw materials or in bulk;

16 (f) "Grain elevator" means ~~((a structure used for storage and~~  
17 ~~handling of grain in bulk))~~ silos, tanks, conveyers and their supports,  
18 scale towers, bins, electrical improvements, scales, foundations, rails  
19 and rail beds, and other buildings primarily used to handle, store,  
20 organize, condition, analyze, or convey grain, oil seeds, and  
21 byproducts thereof in bulk. Office space, lunchrooms, restrooms,  
22 maintenance buildings, control and computer systems used to operate  
23 such facilities, and other space necessary for the operation of the  
24 grain elevator are considered part of the grain elevator as are loading  
25 docks and other such space or structures attached or adjacent to the  
26 conveyers, and other necessary devices and structures used to receive,  
27 convey, or discharge grain, oil seeds, and byproducts thereof via means  
28 of waterborne, rail, highway, or intermodal transport and used for  
29 handling of grain, oil seeds, and byproducts thereof. Roads,  
30 landscaping, and parking lots are not considered part of the grain  
31 elevator. A storage yard is not a grain elevator nor is a structure in  
32 which manufacturing takes place;

33 (g) "Grain elevator facility" means one or more contiguous parcels  
34 of real property with one or more grain elevators;

35 (h) "Grain elevator equipment" means equipment within a grain  
36 elevator facility that is primarily used to handle, store, organize,  
37 convey, condition, or analyze grain, oil seeds, and byproducts thereof  
38 which is not defined as a grain elevator. The term includes tangible

1 personal property with a useful life of one year or more that becomes  
2 an ingredient or component of the equipment, including repair and  
3 replacement parts. The term does not include equipment in offices,  
4 lunchrooms, restrooms, and other like space, within a grain elevator  
5 facility, or equipment used for nongrain elevator purposes. "Grain  
6 elevator equipment" includes but is not limited to: Samplers, air  
7 compressors, quality analyzing equipment, worker and environmental  
8 safety equipment, conditioning equipment used to maintain quality,  
9 lifts, positioners, cranes, hoists, mechanical arms, and robots; and  
10 forklifts and other off-the-road vehicles that are used to lift or move  
11 tangible personal property and that cannot be operated legally on roads  
12 and streets;

13 (i) "Material-handling equipment and racking equipment" means  
14 equipment in a warehouse or grain elevator that is primarily used to  
15 handle, store, organize, convey, package, or repackage finished goods.  
16 The term includes tangible personal property with a useful life of one  
17 year or more that becomes an ingredient or component of the equipment,  
18 including repair and replacement parts. The term does not include  
19 equipment in offices, lunchrooms, restrooms, and other like space,  
20 within a warehouse or grain elevator, or equipment used for  
21 nonwarehousing purposes. "Material-handling equipment" includes but is  
22 not limited to: Conveyers, carousels, lifts, positioners, pick-up-and-  
23 place units, cranes, hoists, mechanical arms, and robots; mechanized  
24 systems, including containers that are an integral part of the system,  
25 whose purpose is to lift or move tangible personal property; and  
26 automated handling, storage, and retrieval systems, including computers  
27 that control them, whose purpose is to lift or move tangible personal  
28 property; and forklifts and other off-the-road vehicles that are used  
29 to lift or move tangible personal property and that cannot be operated  
30 legally on roads and streets. "Racking equipment" includes, but is not  
31 limited to, conveying systems, chutes, shelves, racks, bins, drawers,  
32 pallets, and other containers and storage devices that form a necessary  
33 part of the storage system;

34 ((+h)) (j) "Person" has the meaning given in RCW 82.04.030;

35 ((+i)) (k) "Retailer" means a person who makes "sales at retail"  
36 as defined in chapter 82.04 RCW of tangible personal property;

37 ((+j)) (l) "Square footage" means the product of the two  
38 horizontal dimensions of each floor of a specific warehouse. The

1 entire footprint of the warehouse shall be measured in calculating the  
2 square footage, including space that juts out from the building profile  
3 such as loading docks. "Square footage" does not mean the aggregate of  
4 the square footage of more than one warehouse at a location or the  
5 aggregate of the square footage of warehouses at more than one  
6 location;

7 ~~((k))~~ (m) "Third-party warehouse" means a person taxable under  
8 RCW 82.04.280(4);

9 ~~((l))~~ (n) "Warehouse" means an enclosed building or structure in  
10 which finished goods are stored. A warehouse building or structure may  
11 have more than one storage room and more than one floor. Office space,  
12 lunchrooms, restrooms, and other space within the warehouse and  
13 necessary for the operation of the warehouse are considered part of the  
14 warehouse as are loading docks and other such space attached to the  
15 building and used for handling of finished goods. Landscaping and  
16 parking lots are not considered part of the warehouse. A storage yard  
17 is not a warehouse, nor is a building in which manufacturing takes  
18 place; and

19 ~~((m))~~ (o) "Wholesaler" means a person who makes "sales at  
20 wholesale" as defined in chapter 82.04 RCW of tangible personal  
21 property, but "wholesaler" does not include a person who makes sales  
22 exempt under RCW 82.04.330.

23 (3)(a) A person claiming an exemption from state tax in the form of  
24 a remittance under this section must pay the tax imposed by RCW  
25 82.08.020. The buyer may then apply to the department for remittance  
26 of all or part of the tax paid under RCW 82.08.020. For grain  
27 elevators with combined bushel capacity of one million ~~((but less than~~  
28 ~~two million,))~~ or more and for grain elevators required to be issued a  
29 license by the department of agriculture under chapter 22.09 RCW or  
30 required to be licensed by the federal government for purposes similar  
31 to those of licensure under chapter 22.09 RCW but with bushel capacity  
32 of less than one million the remittance is equal to ~~((fifty))~~ one  
33 hundred percent of the amount of tax paid for qualifying construction,  
34 remodeling, repairing, cleaning, altering, or improving, and materials,  
35 service, and labor relating to a grain elevator, and fifty percent of  
36 the amount of tax paid for qualifying grain elevator equipment, and  
37 labor and services rendered in respect to installing, repairing,  
38 cleaning, altering, or improving the equipment. For warehouses with

1 square footage of two hundred thousand or more (~~and for grain~~  
2 ~~elevators with bushel capacity of two million or more~~), the remittance  
3 is equal to one hundred percent of the amount of tax paid for  
4 qualifying construction, materials, service, and labor, and fifty  
5 percent of the amount of tax paid for qualifying material-handling  
6 equipment and racking equipment, and labor and services rendered in  
7 respect to installing, repairing, cleaning, altering, or improving the  
8 equipment.

9 (b) The department shall determine eligibility under this section  
10 based on information provided by the buyer and through audit and other  
11 administrative records. The buyer shall on a quarterly basis submit an  
12 information sheet, in a form and manner as required by the department  
13 by rule, specifying the amount of exempted tax claimed and the  
14 qualifying purchases or acquisitions for which the exemption is  
15 claimed. The buyer shall retain, in adequate detail to enable the  
16 department to determine whether the equipment or construction meets the  
17 criteria under this section: Invoices; proof of tax paid; documents  
18 describing the material-handling equipment and racking equipment or  
19 grain elevator equipment; location and size of warehouses and grain  
20 elevators; and construction invoices and documents.

21 (c) The department shall on a quarterly basis remit exempted  
22 amounts to qualifying persons who submitted applications during the  
23 previous quarter.

24 (4) Warehouses, grain elevators, (~~and~~) material-handling  
25 equipment and racking equipment, and grain elevator equipment for which  
26 an exemption, credit, or deferral has been or is being received under  
27 chapter 82.60, 82.62, or 82.63 RCW or RCW 82.08.02565 or 82.12.02565  
28 are not eligible for any remittance under this section. Warehouses  
29 (~~and grain elevators~~) upon which construction was initiated before  
30 May 20, 1997, are not eligible for a remittance under this section.

31 (5) The lessor or owner of a warehouse or grain elevator is not  
32 eligible for a remittance under this section unless the underlying  
33 ownership of the warehouse or grain elevator and the material-handling  
34 equipment and racking equipment or grain elevator equipment vests  
35 exclusively in the same person, or unless the lessor by written  
36 contract agrees to pass the economic benefit of the remittance to the  
37 lessee in the form of reduced rent payments.

1       **Sec. 4.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read  
2 as follows:

3       (1) Wholesalers or third-party warehouse owners who own or operate  
4 warehouses (~~(or)~~), grain elevators, or large grain elevator facilities,  
5 and retailers who own or operate distribution centers, and who have  
6 paid the tax levied under RCW 82.12.020 on:

7       (a) Material-handling equipment and racking equipment or large  
8 grain elevator equipment, and labor and services rendered in respect to  
9 installing, repairing, cleaning, altering, or improving (~~(the)~~) all  
10 such equipment; or

11       (b) Materials incorporated in the construction of a warehouse  
12 (~~(or)~~), grain elevator, or construction, remodeling, repair, cleaning,  
13 altering, or improving of a large grain elevator(~~(or)~~) are eligible for  
14 an exemption on tax paid in the form of a remittance or credit against  
15 tax owed. The amount of the remittance or credit is computed under  
16 subsection (2) of this section and is based on the state share of use  
17 tax.

18       (2)(a) A person claiming an exemption from state tax in the form of  
19 a remittance under this section must pay the tax imposed by RCW  
20 82.12.020 to the department. The person may then apply to the  
21 department for remittance of all or part of the tax paid under RCW  
22 82.12.020. For grain elevators with bushel capacity of one million but  
23 less than two million, the remittance is equal to fifty percent of the  
24 amount of tax paid. For warehouses with square footage of two hundred  
25 thousand or more, other than cold storage warehouses, and for grain  
26 elevators with bushel capacity of two million or more, the remittance  
27 is equal to one hundred percent of the amount of tax paid for  
28 qualifying construction materials, and fifty percent of the amount of  
29 tax paid for qualifying material-handling equipment and racking  
30 equipment. For cold storage warehouses with square footage of twenty-  
31 five thousand or more, the remittance is equal to one hundred percent  
32 of the amount of tax paid for qualifying construction, materials,  
33 service, and labor, and one hundred percent of the amount of tax paid  
34 for qualifying material-handling equipment and racking equipment, and  
35 labor and services rendered in respect to installing, repairing,  
36 cleaning, altering, or improving the equipment. For large grain  
37 elevator facilities the remittance is equal to one hundred percent of  
38 the amount of tax paid for materials for qualifying construction,



1 remodeling, repairing, cleaning, altering, or improving, and fifty  
2 percent of the amount of tax paid for qualifying large grain elevator  
3 equipment.

4 (b) The department shall determine eligibility under this section  
5 based on information provided by the buyer and through audit and other  
6 administrative records. The buyer shall on a quarterly basis submit an  
7 information sheet, in a form and manner as required by the department  
8 by rule, specifying the amount of exempted tax claimed and the  
9 qualifying purchases or acquisitions for which the exemption is  
10 claimed. The buyer shall retain, in adequate detail to enable the  
11 department to determine whether the equipment or construction meets the  
12 criteria under this section: Invoices; proof of tax paid; documents  
13 describing the material-handling equipment and racking equipment or  
14 large grain elevator equipment; location and size of warehouses, (~~if~~  
15 ~~applicable~~) grain elevators, and large grain elevator facilities; and  
16 construction invoices and documents.

17 (c) The department shall on a quarterly basis remit or credit  
18 exempted amounts to qualifying persons who submitted applications  
19 during the previous quarter.

20 (3) Warehouses, grain elevators, (~~and~~) large grain elevators,  
21 large grain elevator equipment, and material-handling equipment and  
22 racking equipment, for which an exemption, credit, or deferral has been  
23 or is being received under chapter 82.60, (~~82.61,~~) 82.62, or 82.63  
24 RCW or RCW 82.08.02565 or 82.12.02565 are not eligible for any  
25 remittance under this section. Materials incorporated in warehouses  
26 (~~and~~), grain elevators, and large grain elevators upon which  
27 construction was initiated prior to May 20, 1997, are not eligible for  
28 a remittance under this section.

29 (4) The lessor or owner of (~~the~~) a warehouse (~~or~~), grain  
30 elevator, or large grain elevator is not eligible for a remittance or  
31 credit under this section unless the underlying ownership of the  
32 warehouse (~~or~~), grain elevator, or large grain elevator and the  
33 material-handling equipment and racking equipment or large grain  
34 elevator equipment vests exclusively in the same person, or unless the  
35 lessor by written contract agrees to pass the economic benefit of the  
36 (~~exemption~~) remittance to the lessee in the form of reduced rent  
37 payments.

38 (5) The definitions in RCW 82.08.820 apply to this section.

1       **Sec. 5.** RCW 82.12.820 and 2005 c 513 s 12 are each amended to read  
2 as follows:

3       (1) Wholesalers or third-party warehouse owners who own or operate  
4 warehouses or grain elevators(~~(τ)~~) and retailers who own or operate  
5 distribution centers, and who have paid the tax levied under RCW  
6 82.12.020 on:

7       (a) Material-handling equipment and racking equipment or grain  
8 elevator equipment, and labor and services rendered in respect to  
9 installing, repairing, cleaning, altering, or improving (~~(the)~~) all  
10 such equipment; or

11       (b) Materials incorporated in the construction of a warehouse or  
12 construction, remodeling, repair, cleaning, altering, or improving of  
13 a large grain elevator(~~(τ)~~) are eligible for an exemption on tax paid  
14 in the form of a remittance or credit against tax owed. The amount of  
15 the remittance or credit is computed under subsection (2) of this  
16 section and is based on the state share of use tax.

17       (2)(a) A person claiming an exemption from state tax in the form of  
18 a remittance under this section must pay the tax imposed by RCW  
19 82.12.020 to the department. The person may then apply to the  
20 department for remittance of all or part of the tax paid under RCW  
21 82.12.020. For grain elevators with combined bushel capacity of one  
22 million (~~(but less than two million)~~) or more and for grain elevators  
23 required to be issued a license by the department of agriculture under  
24 chapter 22.09 RCW or required to be licensed by the federal government  
25 for purposes similar to those of licensure under chapter 22.09 RCW but  
26 with bushel capacity of less than one million, the remittance is equal  
27 to (~~(fifty)~~) one hundred percent of the amount of tax paid for  
28 materials for qualifying construction, remodeling, repairing, cleaning,  
29 altering, or improving of a grain elevator, and fifty percent of the  
30 amount of tax paid for qualifying grain elevator equipment. For  
31 warehouses with square footage of two hundred thousand or more, other  
32 than cold storage warehouses, (~~(and for grain elevators with bushel~~  
33 ~~capacity of two million or more,~~) the remittance is equal to one  
34 hundred percent of the amount of tax paid for qualifying construction  
35 materials, and fifty percent of the amount of tax paid for qualifying  
36 material-handling equipment and racking equipment. For cold storage  
37 warehouses with square footage of twenty-five thousand or more, the  
38 remittance is equal to one hundred percent of the amount of tax paid

1 for qualifying construction, materials, service, and labor, and one  
2 hundred percent of the amount of tax paid for qualifying material-  
3 handling equipment and racking equipment, and labor and services  
4 rendered in respect to installing, repairing, cleaning, altering, or  
5 improving the equipment.

6 (b) The department shall determine eligibility under this section  
7 based on information provided by the buyer and through audit and other  
8 administrative records. The buyer shall on a quarterly basis submit an  
9 information sheet, in a form and manner as required by the department  
10 by rule, specifying the amount of exempted tax claimed and the  
11 qualifying purchases or acquisitions for which the exemption is  
12 claimed. The buyer shall retain, in adequate detail to enable the  
13 department to determine whether the equipment or construction meets the  
14 criteria under this section: Invoices; proof of tax paid; documents  
15 describing the material-handling equipment and racking equipment or  
16 grain elevator equipment; location and size of warehouses, (~~if~~  
17 ~~applicable~~) grain elevators, and grain elevator facilities; and  
18 construction invoices and documents.

19 (c) The department shall on a quarterly basis remit or credit  
20 exempted amounts to qualifying persons who submitted applications  
21 during the previous quarter.

22 (3) Warehouses, grain elevators, (~~and~~) grain elevator equipment,  
23 and material-handling equipment and racking equipment, for which an  
24 exemption, credit, or deferral has been or is being received under  
25 chapter 82.60, (~~82.61~~) 82.62, or 82.63 RCW or RCW 82.08.02565 or  
26 82.12.02565 are not eligible for any remittance under this section.  
27 Materials incorporated in warehouses (~~and grain elevators~~) upon which  
28 construction was initiated prior to May 20, 1997, are not eligible for  
29 a remittance under this section.

30 (4) The lessor or owner of (~~the~~) a warehouse or grain elevator is  
31 not eligible for a remittance or credit under this section unless the  
32 underlying ownership of the warehouse or grain elevator and the  
33 material-handling equipment and racking equipment or grain elevator  
34 equipment vests exclusively in the same person, or unless the lessor by  
35 written contract agrees to pass the economic benefit of the  
36 (~~exemption~~) remittance to the lessee in the form of reduced rent  
37 payments.

38 (5) The definitions in RCW 82.08.820 apply to this section.

1       **Sec. 6.** RCW 82.12.820 and 2006 c 354 s 13 are each amended to read  
2 as follows:

3       (1) Wholesalers or third-party warehouse owners who own or operate  
4 warehouses or grain elevators(~~(τ)~~) and retailers who own or operate  
5 distribution centers, and who have paid the tax levied under RCW  
6 82.12.020 on:

7       (a) Material-handling equipment and racking equipment or grain  
8 elevator equipment, and labor and services rendered in respect to  
9 installing, repairing, cleaning, altering, or improving (~~(the)~~) all  
10 such equipment; or

11       (b) Materials incorporated in the construction of a warehouse or  
12 construction, remodeling, repair, cleaning, altering, or improving of  
13 a large grain elevator(~~(τ)~~) are eligible for an exemption on tax paid  
14 in the form of a remittance or credit against tax owed. The amount of  
15 the remittance or credit is computed under subsection (2) of this  
16 section and is based on the state share of use tax.

17       (2)(a) A person claiming an exemption from state tax in the form of  
18 a remittance under this section must pay the tax imposed by RCW  
19 82.12.020 to the department. The person may then apply to the  
20 department for remittance of all or part of the tax paid under RCW  
21 82.12.020. For grain elevators with bushel capacity of one million  
22 (~~(but less than two million, the remittance is equal to fifty percent~~  
23 ~~of the amount of tax paid)) or more and for grain elevators required to  
24 be issued a license by the department of agriculture under chapter  
25 22.09 RCW or required to be licensed by the federal government for  
26 purposes similar to those of licensure under chapter 22.09 RCW but with  
27 bushel capacity of less than one million, the remittance is equal to  
28 one hundred percent of the tax paid for materials for qualifying  
29 construction, remodeling, repairing, cleaning, altering, or improving  
30 of a grain elevator, and fifty percent of the amount of tax paid for  
31 qualifying grain elevator equipment. For warehouses with square  
32 footage of two hundred thousand or more (~~(and for grain elevators with~~  
33 ~~bushel capacity of two million or more)), the remittance is equal to  
34 one hundred percent of the amount of tax paid for qualifying  
35 construction materials, and fifty percent of the amount of tax paid for  
36 qualifying material-handling equipment and racking equipment.~~~~

37       (b) The department shall determine eligibility under this section  
38 based on information provided by the buyer and through audit and other

1 administrative records. The buyer shall on a quarterly basis submit an  
2 information sheet, in a form and manner as required by the department  
3 by rule, specifying the amount of exempted tax claimed and the  
4 qualifying purchases or acquisitions for which the exemption is  
5 claimed. The buyer shall retain, in adequate detail to enable the  
6 department to determine whether the equipment or construction meets the  
7 criteria under this section: Invoices; proof of tax paid; documents  
8 describing the material-handling equipment and racking equipment or  
9 grain elevator equipment; location and size of warehouses(~~(, if~~  
10 ~~applicable))~~ and grain elevators; and construction invoices and  
11 documents.

12 (c) The department shall on a quarterly basis remit or credit  
13 exempted amounts to qualifying persons who submitted applications  
14 during the previous quarter.

15 (3) Warehouses, grain elevators, (~~and~~) grain elevator equipment,  
16 and material-handling equipment and racking equipment, for which an  
17 exemption, credit, or deferral has been or is being received under  
18 chapter 82.60, 82.62, or 82.63 RCW or RCW 82.08.02565 or 82.12.02565  
19 are not eligible for any remittance under this section. Materials  
20 incorporated in warehouses (~~and grain elevators~~) upon which  
21 construction was initiated prior to May 20, 1997, are not eligible for  
22 a remittance under this section.

23 (4) The lessor or owner of (~~the~~) a warehouse or grain elevator is  
24 not eligible for a remittance or credit under this section unless the  
25 underlying ownership of the warehouse or grain elevator and material-  
26 handling equipment and racking equipment or grain elevator equipment  
27 vests exclusively in the same person, or unless the lessor by written  
28 contract agrees to pass the economic benefit of the (~~exemption~~)  
29 remittance to the lessee in the form of reduced rent payments.

30 (5) The definitions in RCW 82.08.820 apply to this section.

31 NEW SECTION. Sec. 7. Sections 1 and 4 of this act are necessary  
32 for the immediate preservation of the public peace, health, or safety,  
33 or support of the state government and its existing public  
34 institutions, and take effect July 1, 2007.

35 NEW SECTION. Sec. 8. Sections 2 and 5 of this act take effect  
36 July 1, 2009.

1        NEW SECTION.    **Sec. 9.**    Sections 3 and 6 of this act take effect  
2    July 1, 2012.

3        NEW SECTION.    **Sec. 10.**    Sections 1 and 4 of this act expire July 1,  
4    2009.

5        NEW SECTION.    **Sec. 11.**    Sections 2 and 5 of this act expire July 1,  
6    2012."

**2SSB 5805** - S AMD

By Senators Hatfield, Schoesler, Rasmussen, Zarelli, Prentice

**PULLED 04/09/2007**

7        On page 1, line 1 of the title, after "elevators;" strike the  
8    remainder of the title and insert "amending RCW 82.08.820, 82.08.820,  
9    82.08.820, 82.12.820, 82.12.820, and 82.12.820; providing effective  
10    dates; providing expiration dates; and declaring an emergency."

EFFECT:    From July 1, 2007, to July 1, 2009, defines a "large grain elevator facility" as having a combined capacity of three million or more bushels. For this period, remodeling, repairing, cleaning, altering, or improving of a grain elevator are added as qualified construction activities for large grain elevator facilities. Creates a definition of "large grain elevator" and "large grain elevator equipment," adding additional items. The remittance of the state portion of the sales and use tax for a large grain elevator facility is equal to one hundred percent of the amounts paid on construction activities and fifty percent for large grain elevator equipment.

After July 1, 2009, the "large grain elevator facility" category no longer exists. Amends the definition of "construction" to delete the requirement that grain elevator facilities must add at least one million bushels of additional capacity. Amends the definition of "grain elevator" and adds a definition of "grain elevator equipment," adding additional items. For any grain elevator facility that has a capacity of less than 1,000,000 bushels and is licensed by the department of agriculture under chapter 22.09 RCW or federal equivalent, and for those grain elevator facilities with a capacity of 1,000,000 bushels or more, the remittance of the state portion of the

sales and use tax is one hundred percent of the amount of tax paid for qualifying construction activities and fifty percent for grain elevator equipment.

--- END ---