
SUBSTITUTE HOUSE BILL 2839

State of Washington

64th Legislature

2016 Regular Session

By House Finance (originally sponsored by Representatives Springer and Nealey)

READ FIRST TIME 02/09/16.

1 AN ACT Relating to providing a sales and use tax exemption for
2 certain new building construction to be used by maintenance repair
3 operators for airplane repair and maintenance; amending RCW 82.14.050
4 and 82.14.060; adding a new section to chapter 82.08 RCW; adding a
5 new section to chapter 82.12 RCW; creating a new section; providing
6 an effective date; and providing expiration dates.

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

8 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
9 performance statement for the tax preferences contained in sections 2
10 and 3 of this act. This performance statement is only intended to be
11 used for subsequent evaluation of the tax preference. It is not
12 intended to create a private right of action by any party or be used
13 to determine eligibility for preferential tax treatment.

14 (2) The legislature categorizes the tax preference in sections 2
15 and 3 of this act as one intended to create jobs, as indicated in RCW
16 82.32.808(2)(c).

17 (3) At the end of the third year after an aircraft maintenance
18 and repair station is operationally complete, the joint legislative
19 audit and review committee must evaluate, at a minimum:

20 (a) Whether a taxpayer claiming this tax preference is on target
21 to reach the employment levels and average annualized wages under

1 section 2 of this act by the end of the aircraft maintenance and
2 repair station's fourth year of operation; and

3 (b) Whether the average annualized wages for employees are on a
4 par with industry standards for the sector.

5 (4) In order to obtain the data necessary to perform the review,
6 the joint legislative audit and review committee may refer to the
7 annual report and annual survey for tax preferences that federal
8 aviation administration part 145 repair stations are required to file
9 with the department and to employment data available from the
10 employment security department.

11 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
12 RCW to read as follows:

13 (1) Subject to the requirements of this section, the tax levied
14 by RCW 82.08.020 does not apply to:

15 (a) Charges for labor and services rendered in respect to the
16 constructing of new buildings, made to: (i) An eligible maintenance
17 repair operator engaged in the maintenance of airplanes; or (ii) a
18 port district, political subdivision, or municipal corporation, if
19 the new building is to be leased to an eligible maintenance repair
20 operator engaged in the maintenance of airplanes;

21 (b) Sales of tangible personal property that will be incorporated
22 as an ingredient or component of such buildings during the course of
23 the constructing; or

24 (c) Charges made for labor and services rendered in respect to
25 installing, during the course of constructing such buildings,
26 building fixtures not otherwise eligible for the exemption under RCW
27 82.08.02565.

28 (2)(a) The exemption in this section is in the form of a
29 remittance. A buyer claiming an exemption from the tax in the form of
30 a remittance under this section must pay all applicable state and
31 local sales taxes imposed under RCW 82.08.020 and chapter 82.14 RCW
32 on all purchases qualifying for the exemption.

33 (b) The department must determine eligibility under this section
34 based on information provided by the buyer and through audit and
35 other administrative records. The buyer may on a quarterly basis
36 submit an application, in a form and manner as required by the
37 department by rule, specifying the amount of exempted tax claimed and
38 the qualifying purchases or acquisitions for which the exemption is
39 claimed. The buyer must retain, in adequate detail to enable the

1 department to determine whether the equipment or construction meets
2 the criteria under this section: Invoices; proof of tax paid;
3 documents describing the location and size of new structures; and
4 construction invoices and documents.

5 (c) The department must on a quarterly basis remit exempted
6 amounts to qualifying persons who submitted applications during the
7 previous quarter.

8 (d) A person may request a remittance for state sales and use
9 taxes after the aircraft maintenance and repair station has been
10 operationally complete for four years, but not sooner than July 1,
11 2021. However, the department may not remit the state portion of
12 sales and use taxes if the person did not report at least one hundred
13 average employment positions to the employment security department
14 for January 1, 2021, through June 30, 2021, with an average
15 annualized wage of eighty thousand dollars. A person must provide the
16 department with the unemployment insurance number provided to the
17 employment security department for the establishment.

18 (e) A person may request a remittance for local sales and use
19 taxes on or after the effective date of this section.

20 (3) In order to qualify under this section before starting
21 construction, the port district, political subdivision, or municipal
22 corporation must have entered into an agreement with an eligible
23 maintenance repair operator to build such a facility. A person
24 claiming the exemption under this section is subject to all the
25 requirements of chapter 82.32 RCW. In addition, the person must file
26 a complete annual report with the department under RCW 82.32.534.

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

29 (a) "Eligible maintenance repair operator" means a person
30 classified by the federal aviation administration as a federal
31 aviation regulation part 145 certificated repair station and located
32 in an international airport owned by a county with a population
33 greater than one million five hundred thousand.

34 (b) "Operationally complete" means constructed to the point of
35 being functionally capable of hosting the repair and maintenance of
36 airplanes.

37 (5) This section expires January 1, 2027.

38 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
39 RCW to read as follows:

1 (1) The provisions of this chapter do not apply with respect to
2 the use of:

3 (a) Tangible personal property that will be incorporated as an
4 ingredient or component in constructing new buildings for: (i) An
5 eligible maintenance repair operator; or (ii) a port district,
6 political subdivision, or municipal corporation, to be leased to an
7 eligible maintenance repair operator; or

8 (b) Labor and services rendered in respect to installing, during
9 the course of constructing such buildings, building fixtures not
10 otherwise eligible for the exemption under RCW 82.08.02565.

11 (2) The eligibility requirements, conditions, and definitions in
12 section 2 of this act apply to this section, including the filing of
13 a complete annual report with the department under RCW 82.32.534.

14 (3) This section expires January 1, 2027.

15 **Sec. 4.** RCW 82.14.050 and 2014 c 216 s 403 are each amended to
16 read as follows:

17 (1) The counties, cities, and transportation authorities under
18 RCW 82.14.045, public facilities districts under chapters 36.100 and
19 35.57 RCW, public transportation benefit areas under RCW 82.14.440,
20 regional transportation investment districts, and transportation
21 benefit districts under chapter 36.73 RCW must contract, prior to the
22 effective date of a resolution or ordinance imposing a sales and use
23 tax, the administration and collection to the state department of
24 revenue, which must deduct a percentage amount, as provided by
25 contract, not to exceed two percent of the taxes collected for
26 administration and collection expenses incurred by the department.
27 The remainder of any portion of any tax authorized by this chapter
28 that is collected by the department of revenue must be deposited by
29 the state department of revenue in the local sales and use tax
30 account hereby created in the state treasury. Beginning January 1,
31 2013, the department of revenue must make deposits in the local sales
32 and use tax account on a monthly basis on the last business day of
33 the month in which distributions required in (a) of this subsection
34 are due. Moneys in the local sales and use tax account may be
35 withdrawn only for:

36 (a) Distribution to counties, cities, transportation authorities,
37 public facilities districts, public transportation benefit areas,
38 regional transportation investment districts, and transportation
39 benefit districts imposing a sales and use tax; and

1 (b) Making refunds of taxes imposed under the authority of this
2 chapter and RCW 81.104.170 and exempted under RCW 82.08.962,
3 82.12.962, 82.08.02565, (~~and~~) 82.12.02565, or section 2 or 3 of
4 this act.

5 (2) All administrative provisions in chapters 82.03, 82.08,
6 82.12, and 82.32 RCW, as they now exist or may hereafter be amended,
7 insofar as they are applicable to state sales and use taxes, are
8 applicable to taxes imposed pursuant to this chapter.

9 (3) Counties, cities, transportation authorities, public
10 facilities districts, and regional transportation investment
11 districts may not conduct independent sales or use tax audits of
12 sellers registered under the streamlined sales tax agreement.

13 (4) Except as provided in RCW 43.08.190 and subsection (5) of
14 this section, all earnings of investments of balances in the local
15 sales and use tax account must be credited to the local sales and use
16 tax account and distributed to the counties, cities, transportation
17 authorities, public facilities districts, public transportation
18 benefit areas, regional transportation investment districts, and
19 transportation benefit districts monthly.

20 (5) Beginning January 1, 2013, the state treasurer must determine
21 the amount of earnings on investments that would have been credited
22 to the local sales and use tax account if the collections had been
23 deposited in the account over the prior month. When distributions are
24 made under subsection (1)(a) of this section, the state treasurer
25 must transfer this amount from the state general fund to the local
26 sales and use tax account and must distribute such sums to the
27 counties, cities, transportation authorities, public facilities
28 districts, public transportation benefit areas, regional
29 transportation investment districts, and transportation benefit
30 districts.

31 **Sec. 5.** RCW 82.14.060 and 2014 c 216 s 404 are each amended to
32 read as follows:

33 (1)(a) Monthly, the state treasurer must distribute from the
34 local sales and use tax account to the counties, cities,
35 transportation authorities, public facilities districts, and
36 transportation benefit districts the amount of tax collected on
37 behalf of each taxing authority, less:

38 (i) The deduction provided for in RCW 82.14.050; and

1 (ii) The amount of any refunds of local sales and use taxes
2 exempted under RCW 82.08.962, 82.12.962, 82.08.02565, (~~and~~)
3 82.12.02565, or section 2 or 3 of this act, which must be made
4 without appropriation.

5 (b) The state treasurer must make the distribution under this
6 section without appropriation.

7 (2) In the event that any ordinance or resolution imposes a sales
8 and use tax at a rate in excess of the applicable limits contained
9 herein, such ordinance or resolution may not be considered void in
10 toto, but only with respect to that portion of the rate which is in
11 excess of the applicable limits contained herein.

12 NEW SECTION. **Sec. 6.** This act takes effect July 1, 2016.

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