H-1272.1

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**HOUSE BILL 1987**

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**State of Washington 66th Legislature 2019 Regular Session**

**By** Representatives Sullivan, Stokesbary, Tarleton, and Chapman

AN ACT Relating to exempting certain construction-related services from sales tax; amending RCW 82.04.051; creating a new section; and providing an expiration date.

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

**Sec.**  RCW 82.04.051 and 1999 c 212 s 2 are each amended to read as follows:

(1) As used in RCW 82.04.050, the term "services rendered in respect to" means those services that are directly related to the constructing, building, repairing, improving, and decorating of buildings or other structures and that are performed by a person who is responsible for the performance of the constructing, building, repairing, improving, or decorating activity. The term does not include services such as engineering, architectural, surveying, flagging, accounting, legal, consulting, or administrative services provided to the consumer of, or person responsible for performing, the constructing, building, repairing, improving, or decorating services.

(2) A contract or agreement under which a person is responsible for both services that would otherwise be subject to tax as a service under RCW 82.04.290(2) and also constructing, building, repairing, improving, or decorating activities that would otherwise be subject to tax under another section of this chapter is subject to the tax that applies to the predominant activity under the contract or agreement.

(3) Unless otherwise provided by law, a contract or agreement under which a person is responsible for activities that are subject to tax as a service under RCW 82.04.290(2), and a subsequent contract or agreement under which the same person is responsible for constructing, building, repairing, improving, or decorating activities subject to tax under another section of this chapter, shall not be combined and taxed as a single activity if at the time of the first contract or agreement it was not contemplated by the parties, as evidenced by the facts, that the same person would be awarded both contracts.

(4) As used in this section "responsible for the performance" means that the person is legally obligated to perform the constructing, building, repairing, improving, or decorating activities, either personally or through a third party. ((~~A person who reviews work for a consumer, retailer, or wholesaler but does not supervise or direct the work is not responsible for the performance of the work. A person who is financially obligated for the work, such as a bank, but who does not have control over the work itself is not responsible for the performance of the work.~~)) The following persons are not responsible for the performance of the constructing, building, repairing, improving, or decorating activities:

(a) A person who is financially obligated for the constructing, building, repairing, improving, or decorating activities, such as a bank, but who does not have control over the actual constructing, building, repairing, improving, or decorating activities;

(b) A person who, for a consumer, retailer, or wholesaler, reviews, supervises, or directs the constructing, building, repairing, improving, or decorating activities, so long as the person is not also legally obligated to the consumer, retailer, or wholesaler to perform, directly or indirectly through a third party, the actual constructing, building, repairing, improving, or decorating activities.

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

NEW SECTION. **Sec.**  This act expires January 1, 2030.

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