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**HOUSE BILL 1522**

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**State of Washington 67th Legislature 2021 Regular Session**

**By** Representatives Barkis, Robertson, Kraft, Sutherland, Jacobsen, and Eslick

AN ACT Relating to lowering the cost of state-funded transportation projects by eliminating business and occupation tax pyramiding on engineering services; adding a new section to chapter 82.04 RCW; creating a new section; providing an effective date; and providing an expiration date.

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

NEW SECTION. **Sec.**  A new section is added to chapter 82.04 RCW to read as follows:

(1) In computing tax due under this chapter, there may be deducted from the measure of tax all amounts paid by an engineering firm on subcontracts to a separate firm for services performed under chapter 18.43 RCW wholly related to a state-funded transportation project.

(2) This section expires January 1, 2032.

NEW SECTION. **Sec.**  (1) This section is the tax preference performance statement for the tax preference contained in section 1, chapter . . ., Laws of 2021 (section 1 of this act). This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended for the general purpose of making state transportation projects more affordable by lowering overall projects costs, as indicated in RCW 82.32.808(2)(f).

(3) It is the legislature's specific public policy objective to lower the cost of state-funded transportation projects by eliminating business and occupation tax pyramiding on engineering services.

(4) If a review finds that the engineering costs of state road construction projects during the period under review is less, when adjusted for inflation, than the same costs for the period from 2015 through 2020, then the legislature intends to extend the expiration date of the tax preference. In making this review, the joint legislative audit and review committee must consult with the Washington state department of transportation.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state.

NEW SECTION. **Sec.**  This act takes effect October 1, 2021.

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