

SHB 1318 - S COMM AMD

By Committee on Ways & Means

ADOPTED 04/19/2023

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

3 **"Sec. 1.** RCW 82.08.025661 and 2022 c 56 s 5 are each amended to
4 read as follows:

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

7 (a) Charges for labor and services rendered in respect to the
8 constructing of new buildings, made to: (i) An eligible maintenance
9 repair operator engaged in the maintenance of airplanes; or (ii) a
10 port district, political subdivision, or municipal corporation, if
11 the new building is to be leased to an eligible maintenance repair
12 operator engaged in the maintenance of airplanes;

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

16 (c) Charges made for labor and services rendered in respect to
17 installing, during the course of constructing such buildings,
18 building fixtures not otherwise eligible for the exemption under RCW
19 82.08.02565.

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

25 (b) The department must determine eligibility under this section
26 based on information provided by the buyer and through audit and
27 other administrative records. The buyer may on a quarterly basis
28 submit an application, in a form and manner as required by the
29 department by rule, specifying the amount of exempted tax claimed and
30 the qualifying purchases or acquisitions for which the exemption is
31 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 December
11 1, 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~~
13 ~~hundred~~) 100 average employment positions with an average annualized
14 wage of \$80,000 to the employment security department for (~~October~~
15 ~~1, 2020, through September 30, 2021, with an average annualized wage~~
16 ~~of eighty thousand dollars~~) a period of four consecutive calendar
17 quarters, beginning with the first calendar quarter after the date
18 the facility is issued an occupancy permit by the local permit
19 issuing authority. A person must provide the department with the
20 unemployment insurance number provided to the employment security
21 department for the establishment.

22 (e) A person may request a remittance for local sales and use
23 taxes on or after July 1, 2016.

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

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

33 (a) "Eligible maintenance repair operator" means a person
34 classified by the federal aviation administration as a federal
35 aviation regulation part 145 certificated repair station and located
36 in (~~an international~~) a commercial services airport owned by a
37 county with a population (~~greater~~) less than (~~one million five~~
38 ~~hundred thousand~~) 1,000,000 or a commercial services airport jointly
39 owned by a city and county.

1 (b) "Operationally complete" means constructed to the point of
2 being functionally capable of hosting the repair and maintenance of
3 airplanes.

4 (5) This section expires January 1, (~~2027~~) 2031.

5 **Sec. 2.** RCW 82.12.025661 and 2016 c 191 s 3 are each amended to
6 read as follows:

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

9 (a) Tangible personal property that will be incorporated as an
10 ingredient or component in constructing new buildings for: (i) An
11 eligible maintenance repair operator; or (ii) a port district,
12 political subdivision, or municipal corporation, to be leased to an
13 eligible maintenance repair operator; or

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

17 (2) The eligibility requirements, conditions, and definitions in
18 RCW 82.08.025661 apply to this section, including the filing of a
19 complete annual report with the department under RCW 82.32.534.

20 (3) This section expires January 1, (~~2027~~) 2031.

21 NEW SECTION. **Sec. 3.** RCW 82.32.808 does not apply to this act."

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22 On page 1, line 2 of the title, after "repair;" strike the
23 remainder of the title and insert "amending RCW 82.08.025661 and
24 82.12.025661; creating a new section; and providing expiration
25 dates."

EFFECT: Extends the expiration date for the corresponding use tax exemption on the construction of an eligible aircraft maintenance and repair facility; removes the requirement that to qualify for a remittance of the state sales and use tax an aircraft maintenance and repair facility must report certain employment and wage information to the employment security department for the period of October 1, 2020, through September 30, 2021, and instead allows an aircraft maintenance and repair facility to report that information for any period of four consecutive calendar quarters; removes language

allowing an international airport in any county to qualify for the tax exemption; and adds language specifying that the tax exemption applies to either a commercial services airport owned by a county with a population less than one million or a commercial services airport jointly owned by a city and county.

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