

SHB 1711 - S COMM AMD
By Committee on Ways & Means

ADOPTED AND ENGROSSED 04/19/2023

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

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
4 RCW to 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 sales of, or charges made for:

7 (a) Labor and services rendered in respect to the construction of
8 a qualified infrastructure project, or the installation of any
9 equipment or tangible personal property incorporated into a qualified
10 infrastructure project; and

11 (b) Building materials, telecommunications equipment, and
12 tangible personal property incorporated into a qualified
13 infrastructure project.

14 (2) The exemption provided in subsection (1) of this section does
15 not apply to local sales taxes.

16 (3) (a) In order to obtain an exemption certificate under this
17 section, a qualified infrastructure project owner must submit an
18 application to the department for an exemption certificate. The
19 application must include the information necessary, as required by
20 the department, to determine that the qualified infrastructure
21 project owner qualifies for the exemption under this section. The
22 department must issue an exemption certificate to a qualified
23 infrastructure project owner.

24 (b) In order to claim an exemption under this section, a
25 qualified infrastructure project owner must provide the seller with
26 an exemption certificate in a form and manner prescribed by the
27 department. The seller must retain a copy of the certificate for the
28 seller's files.

29 (c) The exemption certificate is effective on the date the
30 application is received by the department, which is the date of
31 issuance. The exemption provided in this section does not apply to
32 any property or services that are received by the qualified

1 infrastructure project owner, or its agent, before the effective date
2 of this section or on or after January 1, 2030. For the purpose of
3 this subsection (3)(c), "received" means:

4 (i) Taking physical possession of, or having dominion and control
5 over, the tangible personal property eligible for the exemption in
6 subsection (1)(b) of this section; and

7 (ii) The labor and services in subsection (1)(a) of this section
8 have been performed.

9 (d) The exemption certificate expires on the date the project is
10 certified as operationally complete by the qualified infrastructure
11 project owner or January 1, 2030, whichever is first. The qualified
12 infrastructure project owner must notify the department, in a form
13 and manner as required by the department, when the project is
14 certified as operationally complete.

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

17 (a) "Local sales tax" means a sales tax imposed by a local
18 government under the authority of chapter 82.14 or 81.104 RCW.

19 (b) "Operationally complete" means the qualified infrastructure
20 project is capable of being used for its intended purpose as
21 described in the exemption certificate application.

22 (c) "Qualified infrastructure project" means the construction of
23 buildings and utilities related to the deployment of a modern global
24 internet and telecommunications infrastructure that occurs in part in
25 a distressed area, as defined in RCW 43.168.020, that is located on
26 the coast of Washington. The infrastructure may include, but is not
27 limited to, cable landing stations, communications hubs, buried
28 utility connections and extension, and any related equipment and
29 buildings that will add broadband capacity and infrastructure to the
30 area.

31 (d) "Qualified infrastructure project owner" means a wholly owned
32 subsidiary of a federally recognized tribe located in a county that
33 borders the Pacific Ocean that is developing a qualified
34 infrastructure project.

35 (5) The total amount of state sales and use tax exempted under
36 this section and section 2 of this act may not exceed \$8,000,000. A
37 qualified infrastructure project owner within 60 days of the
38 expiration of the exemption certificate under subsection (3)(d) of
39 this section must pay any tax due under this subsection. The
40 department may not assess penalties and interest as provided in

1 chapter 82.32 RCW on the amount due if the amount due is paid within
2 the 60-day period, or any extension thereof. The department may
3 require a qualified infrastructure project owner to periodically
4 submit documentation, as specified by the department, prior to the
5 expiration of the exemption certificate to allow the department to
6 track the total amount of sales and use tax exempted under this
7 section and section 2 of this act.

8 (6) This section expires January 1, 2030.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12
10 RCW to read as follows:

11 (1) Provided an exemption certificate has been issued pursuant to
12 section 1 of this act, the provisions of this chapter do not apply
13 with respect to the use of:

14 (a) Labor and services rendered in respect to the installation of
15 any equipment or other tangible personal property incorporated into a
16 qualified infrastructure project; and

17 (b) Building materials, telecommunications equipment, and
18 tangible personal property incorporated into a qualified
19 infrastructure project.

20 (2) The exemption provided in subsection (1) of this section does
21 not apply to local use taxes.

22 (3) All of the eligibility requirements, conditions, limitations,
23 and definitions in section 1 of this act apply to this section.

24 (4) For purposes of this section, "local use tax" means a use tax
25 imposed by a local government under the authority of chapter 82.14 or
26 81.104 RCW.

27 (5) This section expires January 1, 2030.

28 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
29 RCW to read as follows:

30 (1) In order to obtain the exemption provided in this act, a
31 qualified infrastructure project owner must certify to the department
32 of labor and industries that the work performed on the qualified
33 infrastructure project by the prime contractor and its subcontractors
34 was performed under the terms of a community workforce agreement or
35 project labor agreement negotiated prior to the start of the
36 qualified infrastructure project. The agreements must include worker
37 compensation requirements consistent with the payment of area
38 standard prevailing wages in accordance with chapter 39.12 RCW,

1 apprenticeship utilization requirements, and tribal employment and
2 contracting opportunities, provided the following:

3 (a) The owner and the prime contractor and all of its
4 subcontractors regardless of tier have the absolute right to select
5 any qualified and responsible bidder for the award of contracts on a
6 specified project without reference to the existence or nonexistence
7 of any agreements between such bidder and any party to such project
8 labor agreement, and only when such bidder is willing, ready, and
9 able to become a party to, signs a letter of assent, and complies
10 with such agreement or agreements, should it be designated the
11 successful bidder; and

12 (b) It is understood that this is a self-contained, stand-alone
13 agreement, and that by virtue of having become bound to such
14 agreement or agreements, neither the project contractor nor the
15 subcontractors are obligated to sign any other local, area, or
16 national agreement.

17 (2) This section expires January 1, 2030.

18 NEW SECTION. **Sec. 4.** RCW 82.32.808 does not apply to this act.

19 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
20 preservation of the public peace, health, or safety, or support of
21 the state government and its existing public institutions, and takes
22 effect July 1, 2023."

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23 On page 1, line 3 of the title, after "tribe;" strike the
24 remainder of the title and insert "adding new sections to chapter
25 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new
26 section; providing an effective date; providing expiration dates; and
27 declaring an emergency."

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