

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1318

68th Legislature
2023 Regular Session

Passed by the House April 20, 2023
Yeas 96 Nays 0

**Speaker of the House of
Representatives**

Passed by the Senate April 19, 2023
Yeas 46 Nays 2

President of the Senate

Approved

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1318** as passed by the House of Representatives and the Senate on the dates hereon set forth.

Chief Clerk

FILED

**Secretary of State
State of Washington**

SUBSTITUTE HOUSE BILL 1318

AS AMENDED BY THE SENATE

Passed Legislature - 2023 Regular Session

State of Washington 68th Legislature 2023 Regular Session

By House Finance (originally sponsored by Representatives Ormsby, Springer, Volz, Graham, Riccelli, Reeves, and Leavitt)

READ FIRST TIME 02/06/23.

1 AN ACT Relating to retail sales tax exemptions for certain
2 aircraft maintenance and repair; amending RCW 82.08.025661 and
3 82.12.025661; creating a new section; and providing expiration dates.

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

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

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

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

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

18 (c) Charges made for labor and services rendered in respect to
19 installing, during the course of constructing such buildings,
20 building fixtures not otherwise eligible for the exemption under RCW
21 82.08.02565.

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

6 (b) The department must determine eligibility under this section
7 based on information provided by the buyer and through audit and
8 other administrative records. The buyer may on a quarterly basis
9 submit an application, in a form and manner as required by the
10 department by rule, specifying the amount of exempted tax claimed and
11 the qualifying purchases or acquisitions for which the exemption is
12 claimed. The buyer must retain, in adequate detail to enable the
13 department to determine whether the equipment or construction meets
14 the criteria under this section: Invoices; proof of tax paid;
15 documents describing the location and size of new structures; and
16 construction invoices and documents.

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

20 (d) A person may request a remittance for state sales and use
21 taxes after the aircraft maintenance and repair station has been
22 operationally complete for four years, but not sooner than December
23 1, 2021. However, the department may not remit the state portion of
24 sales and use taxes if the person did not report at least (~~one~~
25 ~~hundred~~) 100 average employment positions with an average annualized
26 wage of \$80,000 to the employment security department for (~~October~~
27 ~~1, 2020, through September 30, 2021, with an average annualized wage~~
28 ~~of eighty thousand dollars~~) a period of four consecutive calendar
29 quarters, beginning with the first calendar quarter after the date
30 the facility is issued an occupancy permit by the local permit
31 issuing authority. A person must provide the department with the
32 unemployment insurance number provided to the employment security
33 department for the establishment.

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

36 (3) In order to qualify under this section before starting
37 construction, the port district, political subdivision, or municipal
38 corporation must have entered into an agreement with an eligible
39 maintenance repair operator to build such a facility. A person
40 claiming the exemption under this section is subject to all the

1 requirements of chapter 82.32 RCW. In addition, the person must file
2 a complete annual report with the department under RCW 82.32.534.

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

5 (a) "Eligible maintenance repair operator" means a person
6 classified by the federal aviation administration as a federal
7 aviation regulation part 145 certificated repair station and located
8 in (~~(an international)~~) a commercial services airport owned by a
9 county with a population (~~(greater)~~) less than (~~(one million five~~
10 ~~hundred thousand)~~) 1,000,000 or a commercial services airport jointly
11 owned by a city and county.

12 (b) "Operationally complete" means constructed to the point of
13 being functionally capable of hosting the repair and maintenance of
14 airplanes.

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

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

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

20 (a) Tangible personal property that will be incorporated as an
21 ingredient or component in constructing new buildings for: (i) An
22 eligible maintenance repair operator; or (ii) a port district,
23 political subdivision, or municipal corporation, to be leased to an
24 eligible maintenance repair operator; or

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

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

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

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

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