

CERTIFICATION OF ENROLLMENT

**SUBSTITUTE HOUSE BILL 1318**

Chapter 414, Laws of 2023

68th Legislature  
2023 Regular Session

AIRCRAFT MAINTENANCE AND REPAIR—SALES AND USE TAX EXEMPTION—  
MODIFICATION

EFFECTIVE DATE: July 23, 2023

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

LAURIE JINKINS

**Speaker of the House of  
Representatives**

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

DENNY HECK

**President of the Senate**

Approved May 11, 2023 9:41 AM

JAY INSLEE

**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.

BERNARD DEAN

**Chief Clerk**

FILED

May 11, 2023

**Secretary of State  
State of Washington**

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**SUBSTITUTE HOUSE BILL 1318**

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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.

Passed by the House April 20, 2023.

Passed by the Senate April 19, 2023.

Approved by the Governor May 11, 2023.

Filed in Office of Secretary of State May 11, 2023.

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