
SENATE BILL 5166

State of Washington

65th Legislature

2017 Regular Session

By Senator Ericksen

1 AN ACT Relating to a sales tax exemption provided to state and
2 local governments, public school districts, and public charter
3 schools on construction when the funds were obtained from
4 indebtedness; adding a new section to chapter 82.08 RCW; adding a new
5 section to chapter 82.12 RCW; creating a new section; and providing
6 an effective date.

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

8 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
9 performance statement for the tax preferences contained in sections 2
10 and 3 of this act. This performance statement is only intended to be
11 used for subsequent evaluation of the tax preferences. It is not
12 intended to create a private right of action by any party or be used
13 to determine eligibility for preferential tax treatment.

14 (2) The legislature categorizes these tax preferences as intended
15 to provide tax relief by extending the purchasing power of funds for
16 state and local public construction when such funds are acquired
17 through indebtedness, as indicated by RCW 82.32.808(2)(e).

18 (3) The legislature's specific public policy goal is to reduce
19 the cost of state and local public construction projects when such
20 projects are funded through debt.

1 (4) If a review finds that the cost of state and local public
2 construction projects declines after implementation of this act, then
3 the legislature intends to extend the expiration date of the tax
4 preference.

5 (5) In order to obtain the data necessary to perform the review
6 in subsection (4) of this section, the joint legislative audit and
7 review committee may refer to data provided by the Washington state
8 treasurer, the department of transportation, and the office of the
9 superintendent of public instruction.

10 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.08
11 RCW to read as follows:

12 (1) The tax levied by RCW 82.08.020 does not apply to purchases,
13 or portions of purchases, for construction projects administered by
14 state or local governments, public school districts, or public
15 charter schools, when the purchase is made with moneys acquired by
16 state or local government, public school districts, or public charter
17 schools from indebtedness.

18 (2) The definitions in this subsection apply throughout this
19 section unless the context clearly requires otherwise.

20 (a) "Indebtedness" means all debt incurred by state or local
21 government, public school districts, or public charter schools for a
22 term greater than one year and does not include debt to other
23 governments or governmental funds.

24 (b) "Portions of purchases" are those portions of a purchase that
25 were made from indebtedness when the total purchase was made from
26 multiple fund sources.

27 (3) The exemption under this section is available only when the
28 buyer provides the seller with an exemption certificate in a form and
29 manner prescribed by the department. The seller must retain a copy of
30 the certificate for the seller's files.

31 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.12
32 RCW to read as follows:

33 (1) The provisions of this chapter do not apply with respect to
34 the use of any items used for construction projects administered by
35 state or local governments, public school districts, or public
36 charter schools, when the purchase is made with moneys acquired by
37 state or local government, public school districts, or public charter
38 schools from indebtedness.

1 (2) When the item used was acquired by purchase through multiple
2 fund sources, only the amount that was purchased by moneys acquired
3 from indebtedness qualify for the exemption under this section.

4 (3) For the purposes of this section, the definitions and
5 requirements in section 2 of this act apply.

6 NEW SECTION. **Sec. 4.** This act takes effect October 1, 2017.

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