



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

JUNE 29, 2009

Radioactive Waste Cleanup – Support Services May Now Qualify for Reduced B&O Tax Rate

Effective July 1, 2009, Engrossed Substitute Senate Bill 6170 (Chapter 469, Laws of 2009) Part II, expands the reduced business and occupation (B&O) tax rate of 0.471 percent provided to persons engaged in radioactive waste cleanup to include certain support services. Previously, these services were subject to the B&O tax rate of 1.5 percent. (See RCW 82.04.263)

The reduced B&O tax rate applies to:

Every person in Washington engaging in the business of cleaning up for the United States, or its instrumentalities, radioactive waste and other by-products of weapons production and nuclear research and development.

“Cleaning up radioactive waste and other by-products of weapons production and nuclear research and development” means:

- The activities of handling, storing, treating, immobilizing, stabilizing, or disposing of radioactive waste, radioactive tank waste and capsules, nonradioactive hazardous solid and liquid wastes, or spent nuclear fuel
- Spent nuclear fuel conditioning
- Removal of contamination in soils and groundwater
- Decontamination and decommissioning of facilities
- Services supporting the performance of cleanup

A service supports the performance of cleanup if it:

- Is within the scope of work under a clean-up contract with the United States Department of Energy; or
- Assists in the accomplishment of a requirement of a clean-up project undertaken by the United States Department of Energy under a subcontract entered into with the prime contractor or another subcontractor in furtherance of a clean-up contract between the United States Department of Energy and a prime contractor.

Services do not meet the requirement of a clean-up project undertaken by the United States Department of Energy if the same services are routinely provided to businesses not engaged in clean-up activities.

However, the following services are **always deemed to contribute** to the accomplishment of a requirement of a clean-up project undertaken by the United States Department of Energy:

- Information technology and computer support services;
- Services rendered in respect to infrastructure; and
- Security, safety, and health services.

Examples:

The following examples are provided as guidelines when determining whether a service is “routinely provided to businesses not engaged in clean-up activities.”

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- The radioactive waste clean-up B&O tax classification does not apply to general accounting services, but does apply to performance audits performed for persons cleaning up radioactive waste.
- The radioactive waste clean-up B&O tax classification does not apply to general legal services, but does apply to those legal services that assist in the accomplishment of a requirement of a clean-up project undertaken by the United States Department of Energy. Therefore, legal services provided to contest any local, state, or federal tax liability or to defend a company against a workers' compensation claim arising from a work site injury do not qualify for the radioactive waste clean-up B&O tax classification. However, legal services related to the resolution of a contractual dispute between the parties to a clean-up contract between the United States Department of Energy and a prime contractor do qualify.
- General office janitorial services do not qualify for the radioactive waste clean-up B&O tax classification, but the specialized cleaning of equipment exposed to radioactive waste does qualify.

Please note, it is not the intent of this law to extend the radioactive waste clean-up B&O tax classification to all business activities conducted at the Hanford site or performed for persons engaged in the performance of clean-up.

The law is intended to ensure that the radioactive waste clean-up B&O tax classification applies to all services contributing to the performance of a clean-up project at the Hanford site other than services that are routinely provided to any business, including businesses that are not engaged in clean-up activities.

Where can I get more information?

For more information, please call the Department's Telephone Information Center at 1-800-647-7706.