



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (June 2004)**  
(Implements RCW 34.05.310)  
Do NOT use for expedited rule making

**Agency:** Department of Revenue

**Subject of possible rule making:**

WAC 458-20-173 (Services on tangible personal property)

**Statutes authorizing the agency to adopt rules on this subject:**

RCW 82.32.300 and 82.01.060(2)

**Reasons why rules on this subject may be needed and what they might accomplish:**

This rule explains the business and occupation (B&O), retail sales, and use tax reporting responsibilities of persons installing, cleaning, decorating, beautifying, repairing, imprinting, or otherwise altering or improving tangible personal property (collectively referred to as “services on tangible personal property” in this rule). This rule also explains the use tax responsibilities of consumers when the seller fails to collect retail sales tax on these services.

The Department is considering a revision to this rule to recognize a statutory change imposing use tax on services on tangible personal property (chapter 367, Laws of 2002). The Department is also planning to incorporate additional information (e.g., explaining that the exemption provided for sales of tangible personal property in RCW 82.08.0273 does not apply to any portion of the charge for repair services), add examples to clarify the tax application in certain circumstances, and reformat the rule to provide the information in a clearer and more useful manner.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:**

None.

**Process for developing new rule (check all that apply):**

Negotiated rule making

Pilot rule making

Agency study

X Other: Parties interested in this rule making may contact the individual listed below. The

public may also participate by providing written comments throughout this rule making or giving oral testimony at the public meeting or public hearing.

**How interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication:**

Written comments may be submitted by mail, fax, or at the public meeting. Oral comments will be accepted at the public meeting. A preliminary draft of the proposed changes is available upon request. Written comments on and/or requests for copies of the rule may be directed to: Allan C. Lau, Interpretations and Technical Advice Unit, P. O. Box 47453, Olympia, WA 98504-47453; phone: (360) 570-6134; FAX (360) 664-0693.

**Public meeting location:**

Capitol Plaza Building  
4th Floor - Large Conference Room  
1025 Union Avenue SE  
Olympia, Washington

**Date:** July 11, 2005    **Time:** 1:30pm

**Assistance for persons with disabilities:** Contact Sandy Davis no later than 10 days before the hearing date TTY 1-800-451-7985 or (360) 725-7499.

<b>Date</b>
<b>Name (type or print)</b> Alan R. Lynn
<b>Signature</b>
<b>Title</b> Rules Coordinator

<b>CODE REVISER USE ONLY</b>
<b>Filed: June 1, 2005</b>
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<b>The above information was input by DOR.</b>