

WASHINGTON STATE DEPARTMENT OF REVENUE

SPECIAL NOTICE

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Expanded Exemptions for Motion Picture and Video Production Companies

As of July 27, 1997, Substitute House Bill (SHB) 1813 (Chapter 61, Laws of 1997) expands tax exemptions for film and video production companies contained in Revised Code of Washington (RCW) 82.08.0315 and 82.12.0315.

RCW 82.08.0315 and 82.12.0315 exempt motion picture or video production businesses from sales or use tax on the **rental** of production equipment and from sales tax on the **purchase** of production services. The exemptions do **not** apply to the outright purchase of production equipment.

SHB 1813 expands the exemptions by adding to the list of items which qualify as production equipment. Before July 27, 1997, only vans and trucks specifically equipped for motion picture or video production were included as production equipment which could qualify for the exemption. On and after July 27, 1997, **all vehicles used solely for production activities** are included as production equipment and can qualify for the exemption. In addition to being exempt from sales and use tax, the rental of qualifying vehicles is exempt from the **car rental tax**.

The law also exempts from use tax the use of production equipment acquired and used by a motion picture or video production business in another state. The out-of-state acquisition and use must have occurred more than ninety days before the business entered Washington.

None of these exemptions apply if the business is engaged, to any extent, in the production of erotic material, as defined in RCW 9.68.050. That definition states:

“Erotic material” means printed material, photographs, pictures, motion pictures, sound recordings, and other material the dominant theme of which taken as a whole appeals to the prurient interest of minors in sex; which is patently offensive because it affronts contemporary community standards relating to the description or representation of sexual matters or sado-masochistic abuse; and is utterly without redeeming social value

The law, as of July 27, 1997, defines **production equipment** to include: grip and lighting equipment, cameras, camera mounts including tripods, jib arm, steadicams, and other camera mounts, cranes, dollies, generators,

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helicopter mounts, helicopters rented for motion picture or video production, walkie talkies, vans, trucks, and other vehicles specifically equipped for motion picture or video production or used solely for production activities, wardrobe and makeup trailers, special effects and stunt equipment, video assists, video tape recorders, cables and connectors, TelePrompTers, sound recording equipment, and editorial equipment.

The definition of **production services** was not changed by SHB 1813. The law still defines **production services** to include: motion picture and video processing, printing, editing, duplication, animation, graphics, special effects, negative cutting, conversions to other formats or media, stock footage, sound mixing, rerecording, sound sweetening, sound looping, sound effects, and automatic dialog replacement.

A motion picture or video production business is defined in the law as a person (including a sole proprietorship, partnership, corporation, or other form of business organization) engaged in the production of motion pictures and video tapes for exhibition or sale, or for broadcast by someone other than the person producing the motion picture or video tape.

To document transactions exempt from sales tax, SHB 1813 requires that motion picture or video production businesses give a certificate to persons renting out production equipment or selling production services to them. The certificate must be signed and must state facts which establish the business's right to the exemption. Persons receiving the certificates must retain them for five years.

If you need a copy of the Motion Picture and Video Production Business Exemption Certificate, please visit the Department's web site at <http://dor.wa.gov> or contact the Telephone Information Center at 1-800-647-7706.

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