



Excise Tax Advisory

Excise Tax Advisories are interpretive statements authorized by RCW 34.05.230.

NUMBER: 3153.2009

ISSUE DATE: February 2, 2009

Road Construction - Contractors Applying Sand, Gravel and Rock Retail Sales Tax - Use Tax

A person who applies sand, gravel, rock and similar materials in the performance of a contract to construct or repair streets, roads, highways, bridges, etc. which are owned by a municipal corporation or political subdivision of the state of Washington or by the United States is the consumer of such materials as a public road contractor. Sales of sand, gravel, rock and similar materials to such persons are subject to the retail sales tax.

Such persons are liable for payment of the use tax upon the value of applied materials where the materials are extracted from private pits or quarries as well as those owned by or leased to the public authority whose street, road, etc. is being constructed or repaired, or otherwise acquired under circumstances in which the retail sales tax is not paid.

In the case of extracted materials which have been crushed, washed, screened, mixed with other processed materials or otherwise subjected to any form of manufacturing or processing, the measure of value for computing the use tax is the total cost of extraction and processing, including the cost of transportation to the processing point, but not including labor and transportation from the processing point to the job site. For information concerning the availability of the multiple activities tax credit in this situation, taxpayers should refer to WAC 458-20-19301.

In the case of fill dirt, quarry rubble, pit ran sand, gravel, rock or riprap, and similar natural materials which are not processed after extraction, the measure of value for computing the use tax is the cost of extraction, but not including labor and transportation to the job site.

However, in the case of a person applies sand, gravel, rock or riprap, and similar material in the construction or repair of any street road, highway, bridge, etc., that is privately owned or that is owned by the state of Washington, that person is not the consumer of the materials. Rather, the materials are sold by the contractor as components of the street, road, highway, bridge, etc. and retail sales tax is due on the full contract price. In these cases, the purchasing road contractor may tender a resale certificate to the vendor of such road materials.

All ETAs were cancelled on February 2, 2009 and those which had a continued use were rewritten and reissued using a new numbering system. The new ETAs are numbered using the following format 3nnn.yyyy. The Department of Revenue issued ETA 3001.2009 which includes a cross reference table showing the old and new ETA numbers for those ETAs that were rewritten.

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