Chapter 20
Retail Sales and Use Tax

36.100.090 - Baseball stadium deferral

Description

The original construction of a public baseball stadium, owned by a public facilities district, qualifies for a sales and use taxes deferral if it:
- Has a retractable roof or canopy.
- Has natural turf.

The construction of Safeco Field (now T-Mobile Park) was completed in January 2000, and the repayments of deferred sales and use taxes were completed in 2014.

Purpose

To encourage the construction of a professional baseball stadium in King County.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would not increase revenues. The public facilities district that constructed the stadium has repaid the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Currently, no public facilities district uses this deferral.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Public facilities districts
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2013 and 2022

36.102.070 - Football stadium deferral

Description

Public stadium authorities are eligible to defer sales and use taxes on the construction of:

- Professional football and soccer stadiums.
- Adjacent exhibition centers.

Deferred sales tax is repayable over 10 years, starting five years after the stadium becomes operational. Qwest Field (Now Lumen Field) and its exhibition center, which qualified for the deferral, were completed in 2002. Repayment began in 2007 and was completed in 2016.

Purpose

Encourage the construction of a professional football and soccer stadium and adjacent exhibition center in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would not increase revenues. The public stadium authority has repaid the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Currently, no public facilities district uses this deferral.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Public stadium authorities
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2022

47.01.412 - Highway 520 bridge replacement

Description

Persons involved in the SR 520 bridge replacement project may apply for a deferral of state and local sales and use taxes on project costs for:

- Site preparation.
- Construction.
- Purchased or rented machinery and equipment.

The deferred tax repayment begins the 24th year after the project is complete and continues for nine years.

Purpose

Encouraged replacement of the SR 520 bridge.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. This estimate assumes that currently deferred taxes are due beginning the 24th year after the repeal and continuing for the next nine years. Repayment of the deferred taxes starts in 2041.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The SR 520 bridge project was completed in 2017. The first payment is due December 31, 2041.

Data Sources

Department of Revenue, Deferral data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Businesses constructing the SR 520 bridge
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review in 2020

47.46.060 - 2nd Narrows bridge

Description

Persons involved in the construction of the second bridge over Puget Sound at the Tacoma Narrows may apply for a deferral of state and local sales and use taxes on project costs for:

- Site preparation.
- Construction.
- Purchased or rented machinery and equipment.

Beginning December 31st of the 24th year following the certified completion of the project, 10% of the deferred tax must be repaid annually.

Purpose

Lowering the initial overall cost of the project and mitigating the amount of tolls necessary to fund repayment of the bonds financing construction costs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. This estimate assumes that currently deferred taxes are due beginning the 24th year after the repeal. Repayment of the deferred taxes will start in 2031.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Repealing the deferral does not affect taxpayers who have already received the deferral under existing law.
- The Tacoma Narrows Bridge project was certified in 2007. The first payment is due December 31, 2031.

Data Sources

- Department of Revenue, Deferral data

47.46.060 - 2nd Narrows bridge

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2020

47.56.878 - State route 167 and Interstate 405 corridor deferral

Description

A person involved in the construction of a state route (SR) 167 and Interstate 405 corridor project, as defined in the statute, may apply for deferral of state and local sales and use taxes owed by that person with respect to the site preparation for, the construction of, the acquisition of any related machinery and equipment that will become a part of, and the rental of equipment for use in, the projects. The department shall issue a sales and use taxes deferral certificate to qualifying applicants for state and local sales and use taxes.

The deferred taxes will be repaid beginning in the tenth year after the date the Department of Transportation notifies the department that all projects are operationally complete.

Purpose

To provide relief for construction projects aimed at improving the connection of Interstate 405 and SR 167 to address current and future traffic demand.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this deferral would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This deferral impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	No review completed

47.87.150 - Interstate toll bridge deferral

Description

Any person involved in the construction of an interstate toll bridge may apply for deferral of state and local sales and use taxes on the site preparation for, the construction of, the acquisition of any related machinery and equipment that will become a part of, and the rental of equipment for use in, the bridge. The department will issue a sales and use taxes deferral certificate for state and local sales and use taxes imposed on the bridge.

The deferred taxes will be repaid in the fifth year after the date the department certifies the bridge as operationally complete.

Purpose

To provide relief for construction projects aimed at replacing aging interstate toll bridges.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would not increase revenue because, currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this deferral. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.050 - Personal and professional services

Description

The retail sales tax originally applied only to the sale of tangible personal property and thus, by definition, excluded services from the tax base. Since 1935, some services were added to the tax base, including services to tangible personal property (e.g., repair services) in 1939; construction in 1941; rental of tangible personal property in 1959; certain amusement and recreation activities in 1961 and 2015; and landscape maintenance, physical fitness and certain miscellaneous personal services in 1993 and 2015. Although, technically, the remaining personal and professional services are not "exempt" because they were never in the tax base, there has been some interest in the amount of revenue represented by these activities. Therefore, they are included in this report.

Purpose

The primary reasons services were excluded from retail sales tax may have included these:

- To maintain simplicity by taxing only one property class, i.e., tangible goods.
- To conform to the practice of other states at the time.
- To minimize tax administration costs by not requiring service providers to collect the tax.
- A recognition that services did not represent a substantial share of the state economy in the 1930s.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$5,505.190	$5,716.800	$6,141.280	$6,612.030
Local Taxes	$3,270.700	$3,396.420	$3,648.330	$3,927.690

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$5,240.390	$6,141.280	$6,612.030
Local Taxes	$0.000	$3,113.390	$3,648.330	$3,927.690

82.04.050 - Personal and professional services

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- Under the service category "Banking - deposit account service packages and loan services," mortgage interest will be subject to sales tax.
- Currently, some satellite and cable services are already subject to sales tax. This includes services such as pay-per-view for satellite providers. Most of the potential revenue from imposing sales tax on satellite and cable would be from subscription fees for channel access.
- Due to federal laws, a local sales tax cannot be imposed on satellite television subscriptions. As a result, this estimate does not include estimates for local sales tax on satellite television subscriptions.
- Lower compliance factors applied for some industries.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Census Bureau, 2012 Economic Census data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Individuals and businesses purchasing personal and professional services
Taxpayer Count:	170,000
Program Inconsistency:	None evident
JLARC Review:	Reviews completed on various sections within the statute

82.04.050(1)(a)(iv); 82.04.190(1)(d) - Ferrosilicon

Description

The definition of retail sale excludes property used in producing ferrosilicon, which is then used to make magnesium. These sales are classified as wholesale transactions. The exempt items must be used primarily to create a chemical reaction with an ingredient of ferrosilicon.

Purpose

To encourage magnesium production businesses to locate in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1986
Primary Beneficiaries:	Businesses using ferrosilicon
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012 and 2021

82.04.050(1)(a)(v) - Competitive telephone service

Description

Purchases of property provided to consumers as part of a competitive telephone service are exempt from retail sales and use tax.

Purpose

Avoids taxing the same product twice.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$53.760	$60.570	$68.240	$76.890
Local Taxes	$24.180	$27.240	$30.690	$34.580

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$55.520	$68.240	$76.890
Local Taxes	$0.000	$24.970	$30.690	$34.580

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the compound growth rate of telecommunication expenditures between 2019 and 2022.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Property provided to consumers as part of a competitive telephone service includes telephones, routers, and modems.
- Approximately 25% of total telecommunication expenditures are for resale.

Data Sources

- Department of Revenue, Excise tax data
- IMPLAN, Regions commodity industry demand, 2021

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1981
Primary Beneficiaries:	Providers of telecommunication services
Taxpayer Count:	552
Program Inconsistency:	None evident
JLARC Review:	Expedited review in 2013 with an upcoming review in 2025

82.04.050(1)(a)(vi) - Extended warranties

Description

Purchases made to honor an extended warranty do not meet the criteria of a retail sale and are exempt from retailing B&O tax and state and local sales tax. Instead, these purchases are subject to wholesale B&O tax.

Purpose

Ensures buyers do not pay sales tax on replacement items or parts covered by an extended warranty.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$46.990	$48.980	$49.980	$51.980
Local Taxes	$21.110	$21.900	$22.680	$23.500

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$44.980	$49.980	$51.980
Local Taxes	$0.000	$20.070	$22.680	$23.500

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable sales and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- The U.S.'s proportion of worldwide warranty claims is the same as the U.S.'s gross domestic product as a percent of worldwide gross domestic product.
- The U.S.'s proportion of worldwide warranty claims for warranties sold by U.S. businesses is the same as the U.S.'s gross domestic product as a percent of worldwide gross domestic product.
- Washington warranty claims as a percentage of U.S. warranty claims are the same as Washington's population as a percentage of the U.S. population.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Warranty Week, Nineteenth Annual Product Warranty Report, https://www.warrantyweek.com/archive/ww20220324.html
- Economic and Revenue Forecast Council, March 2023 forecast

82.04.050(1)(a)(vi) - Extended warranties

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Purchasers of extended warranties
Taxpayer Count:	50,000
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.050(2)(a) - Laundry services for nonprofit healthcare facilities

Description

Charges for laundry service for nonprofit healthcare facilities are exempt from sales tax. As a result, laundry businesses providing services for nonprofit healthcare facilities are subject to B&O tax under the service classification.

Purpose

Indirectly reduces the cost of healthcare.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.073	$0.073	$0.072	$0.082
Local Taxes	$0.039	$0.041	$0.042	$0.044

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.064	$0.072	$0.082
Local Taxes	$0.000	$0.037	$0.042	$0.044

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1973
Primary Beneficiaries:	Nonprofit health care facilities
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2011 and expedited review completed in 2021

82.04.050(2)(a) - Self-service laundry facilities

Description

The definition of retail sale excludes charges for using of self-service laundry facilities. Businesses providing laundry machines on an individual-use basis do not collect sales tax but are subject to the B&O tax under the service classification.

Purpose

Equalizes the tax treatment of coin-operated laundry facilities.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$5.160	$5.273	$5.387	$5.503
Local Taxes	$2.500	$2.555	$2.610	$2.667

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.360	$2.631	$2.687
Local Taxes	$0.000	$1.230	$1.371	$1.401

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate reflects the average growth rate for self-service laundry facilities service and other activities B&O tax.
- Compliance of collecting sales tax at coin-operated laundry facilities in places such as apartment complexes is 13% each fiscal year after repeal.

Data Sources

- Department of Revenue, Excise tax data
- U.S. Energy Administration, Appliances in U.S. home, by owner or renter status
- U.S. Census Bureau, Housing tenure
- Planetlaundry.com, "Taking a New Route"

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2005
Primary Beneficiaries:	Individuals and families using self-service laundry facilities
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2016 and expedited review completed in 2023

82.04.050(2)(d) - Janitorial services

Description

Retail sales tax does not apply to sales of janitorial services. The statute excludes janitorial services from the definition of retail sales, making them non-retail services. Thus, a business providing janitorial services is subject to the service and other B&O tax classification of 1.5%. The customer is not subject to retail sales tax.

Janitorial services are defined as cleaning and caretaking of buildings and structures. This includes washing windows and walls, cleaning and waxing floors, and cleaning the building's rugs, drapes, and upholstery.

Purpose

To recognize that cleaning buildings does not meet the current definition of retail sale since the activity is oriented toward merely preserving structures in their present condition rather than changing the structure.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$58.474	$60.721	$63.419	$66.438
Local Taxes	$32.493	$33.741	$35.242	$36.919

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$55.661	$63.419	$66.438
Local Taxes	$0.000	$30.929	$35.242	$36.919

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Census Bureau, 2012 Economic Census data

82.04.050(2)(d) - Janitorial services

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2000
Primary Beneficiaries:	Janitorial service businesses and their customers
Taxpayer Count:	18,300
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.050(3)(d)(i) - Horticultural services for farmers

Description

The definition of retail sales excludes charges for horticultural services to farmers. Sales tax is not collected on services related to the cultivating vegetables, fruits, grains, field crops, ornamental horticulture, nursery products, soil preparation, crop cultivation, and harvesting services.

Purpose

To support the farmers and the agricultural industry and clarify the taxability of these activities in light of the extension of sales tax to landscaping services in 1993.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$17.420	$18.290	$19.210	$20.170
Local Taxes	$5.040	$5.300	$5.550	$5.830

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$16.770	$19.210	$20.170
Local Taxes	$0.000	$4.420	$5.550	$5.830

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Annual growth is 5% based on historical agricultural expense data from the U.S. Department of Agriculture.
- Local revenue estimates use the rural average local sales and use tax rate of 1.89%.
- An estimated 70% of agricultural custom work expenses are for horticultural services performed for farmers.

Data Sources

- U.S. Department of Agriculture, Census of Agriculture data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1993
Primary Beneficiaries:	Farmers who receive horticultural services
Taxpayer Count:	5,900
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2015 and expedited review completed in 2018

82.04.050(3)(d)(ii) - Tree trimming under power lines

Description

The definition of retail sales excludes charges for pruning, trimming, repairing, removing, and clearing trees and brush near electric transmission or distribution lines or equipment. To qualify, the work performed must be by or under the direction of an electric utility.

Purpose

To clarify the taxability of these activities in light of the extension of sales tax to landscaping services in 1993, these services are not akin to landscaping but are done out of necessity to keep power lines clear of interference from trees and brush.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$6.860	$7.240	$7.650	$8.080
Local Taxes	$3.800	$4.010	$4.239	$4.480

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$6.640	$7.650	$8.080
Local Taxes	$0.000	$3.340	$4.240	$4.480

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the five-year average growth rate of service B&O taxable for these activities.
- These activities are currently subject to B&O tax under the service classification.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

82.04.050(3)(d)(ii) - Tree trimming under power lines

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1995
Primary Beneficiaries:	Businesses that prune trees and brush under electric power transmission lines and the power companies that contract for their services.
Taxpayer Count:	80
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2013

82.04.050(6)(a)(i)-(ii) - Custom computer software

Description

The definition of a retail sale excludes charges for customized computer software and customizing prewritten computer software. Instead, software customization services are subject to B&O tax under the service & other activities classification.

Purpose

To reflect the production of customized software is considered a professional service.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$135.020	$140.230	$146.440	$153.350
Local Taxes	$60.800	$63.100	$66.000	$69.100

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$89.910	$146.440	$153.350
Local Taxes	$0.000	$57.900	$66.000	$69.100

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the total taxable B&O activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Census Bureau, 2012 Economic Census data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1998
Primary Beneficiaries:	Buyers of custom and customized canned software
Taxpayer Count:	11,500
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2016 and expedited review completed in 2023

82.04.050(10) - Labor and services used to construct and repair public roads

Description

The definition of retail sales excludes charges for labor and services performed on public roads and transportation facilities owned by local jurisdictions or the federal government.

A contractor for the federal government or a local jurisdiction must pay sales and use taxes on materials incorporated into the project. The exclusion does not extend to roads owned by the state. Sales and use taxes are due on 100% of road construction on state roads.

Purpose

The state cannot directly tax the federal government, but it can tax contractors who work for the federal government on the value of the materials they incorporate into the project. The impact of the sales and use taxes on materials is indirectly passed on to the federal government. The exemption for labor and services for local road construction helps reduce local jurisdictions' costs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$54.310	$54.610	$56.110	$57.010
Local Taxes	$30.100	$30.300	$31.100	$31.600

Repeal of exemption

Repealing this exemption would increase revenues. Most of the impact is from local government, which would be taxed on the total contract amount.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$4.510	$28.060	$42.780
Local Taxes	$0.000	$2.500	$15.500	$23.700

Assumptions

- This repeal takes effect July 1, 2024, and impacts five months of collections in fiscal year 2025.
- The change in tax treatment would not apply to contracts executed before January 1, 2024, except for change orders that increase the project's cost.
- As per discussions with the Department of Transportation, assume the following:
  - 20% of road construction contract dollars in existence in fiscal year 2025 will be newly created on or after January 1, 2024.
  - 50% of road construction contract dollars in existence in fiscal year 2026 will be newly created on or after January 1, 2025.
  - 75% of road construction contract dollars in existence in fiscal year 2027 will be newly created on or after January 1, 2026.
  - 100% of road construction contract dollars in existence in all fiscal years thereafter will be newly created on or after January 1, 2028.

- This estimate only includes potential revenue from local public road construction.
- It is unknown if the state could collect sales and use taxes on federal road construction. Therefore, this estimate does not include potential revenue from construction on federal roads.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Washington Department of Transportation.

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1943
Primary Beneficiaries:	The U.S. government and Washington cities and counties
Taxpayer Count:	604
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2010 and expedited review completed in 2020

82.04.050(11) - Feed and seed

Description

The definition of retail sales excludes sales of feed and seed used in the commercial production of any agricultural commodity. The same statute exempts feed and seed sold to landowners participating in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington Department of Fish and Wildlife.

Purpose

To support the agricultural industry. Also, feed and seed are similar to component parts (and therefore are purchased for resale) because they are absorbed into or become an integral part of an agricultural product.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$85.490	$93.070	$96.800	$100.670
Local Taxes	$25.870	$26.910	$27.980	$29.100

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$85.320	$96.800	$100.670
Local Taxes	$0.000	$22.420	$27.980	$29.100

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Local revenue estimates use the rural average local sales and use tax rate of 1.879%.
- Annual growth of 4% based on average purchases from last the five years.

Data Sources

- U.S. Department of Agriculture, Farm production expenditures annual summaries

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1951
Primary Beneficiaries:	Farmers and the vendors who supply feed and seed to farmers
Taxpayer Count:	Over 20,000 farms
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2009 and expedited review completed in 2018

82.04.050(11) - Fertilizer and chemical sprays

Description

The definition of retail sales excludes sales of chemical sprays and washes for the post-harvest treatment of fruit, sales of fertilizer and spray materials when used in the commercial production of any agricultural commodity. The same statute exempts fertilizer and spray sold to landowners participating in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington Department of Fish and Wildlife.

Purpose

To support the agricultural industry. Fertilizer is similar to a component part (and therefore purchased for resale), because it is absorbed into or becomes an integral part of an agricultural product.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$72.800	$76.440	$79.950	$83.850
Local Taxes	$21.050	$22.100	$23.110	$24.240

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$70.070	$79.950	$83.850
Local Taxes	$0.000	$18.410	$23.110	$24.240

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Local revenue estimates use the rural average local sales and use tax rate of 1.879%.
- Supply shortages and fuel costs have increased the prices of fertilizers, herbicides, and other agricultural chemicals, leading to a 5% increase in yearly expenditures.

Data Sources

- U.S. Department of Agriculture (USDA), 2017 Agriculture Census
- USDA, Farm Production Expenditures summaries

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Agricultural producers
Taxpayer Count:	Over 40,000 Washington farms, but the actual taxpayer count is unknown
Program Inconsistency:	The sales tax exemption helps to encourage the use of fertilizers and chemical sprays in agriculture. However, Chapter 70.95C RCW implements a program directed toward the reduction of hazardous substances, which can include agricultural fertilizers and pesticides that have adverse environmental impacts
JLARC Review:	Full review completed in 2010 and expedited review completed in 2018

82.04.050(11) - Pollination agents

Description

The definition of “retail sale” excludes sales of agents for enhanced pollination including insects such as bees to persons or farmers participating in certain habitat development/conservation programs, or farmers for the purpose of producing any agricultural product for sale.

Purpose

To aid certain sectors of the agricultural industry reliant on pollination agents to produce agricultural products (such as the alfalfa industry) and make those agricultural sectors more competitive with competitors in other countries.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.172	$0.174	$0.175	$0.177
Local Taxes	$0.050	$0.050	$0.051	$0.051

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.160	$0.175	$0.177
Local Taxes	$0.000	$0.046	$0.051	$0.051

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Local revenue estimates use the rural average local sales and use tax rate of 1.879%.
- Farm production expenses expected to increase 1% annually.
- Most farmers rent honeybee hives. Rental hives are not subject to sales tax, so this exemption covers bees purchased for pollination.
- Leaf cutter bees perform pollination and nest in the ground; therefore, must be purchased annually.

Data Sources

- U.S. Department of Agriculture, Economic Research report

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1953
Primary Beneficiaries:	Farmers that purchase leaf-cutter bees for pollination purposes
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018

82.04.050(12) - Labor and services used to construct and repair federal government structures

Description

Charges made for labor and services in connection with building, repairing or improving new or existing structures for the federal government or a local housing authority is not subject to sales and use taxes. Also excluded are charges for moving earth and clearing land for these jurisdictions. The contractor must pay sales and use taxes on materials incorporated into these projects.

Purpose

The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The federal government indirectly pays the sales and use taxes through increased costs from contractors. The exemption for labor and services for local housing authorities helps reduce the cost for local jurisdictions.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$96.100	$96.100	$96.100	$96.100
Local Taxes	$34.500	$34.500	$34.500	$34.500

Repeal of exemption

Repealing this exemption would not increase revenues. Most of the impact represents federal construction which is constitutionally exempt at the federal level.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No revenues realized if the state law is repealed. The construction and repair on federal government structures are constitutionally exempt.

Data Sources

- Washington State Department of Transportation, Construction data
- FedSpending.org, Government contracts

82.04.050(12) - Labor and services used to construct and repair federal government structures

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1975
Primary Beneficiaries:	The U.S. government and municipal housing authorities
Taxpayer Count:	120
Program Inconsistency:	None evident
JLARC Review:	Expedited review in 2012 with an upcoming review in 2025

82.04.050(13) - RTA maintenance service agreements

Description

Tangible personal property, labor, or services provided by a transit agency to a regional transportation authority (RTA) pursuant to a maintenance contract are exempt from sales and use taxes. This applies to items installed in bus or rail transportation equipment.

Purpose

To facilitate regional transportation and clarify the application of sales tax to the RTA.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Regional Transit Authority
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited reviews completed in 2016 and 2020

82.04.062 - Precious metals and monetized bullion

Description

Sales of precious metal and monetized bullion are exempt from sales tax.

Purpose

To provide tax relief to bullion dealers who compete with dealers in other states who may not collect sales tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$16.443	$17.096	$17.770	$18.457
Local Taxes	$7.395	$7.688	$7.991	$8.300

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$15.671	$17.770	$18.457
Local Taxes	$0.000	$7.047	$7.991	$8.300

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Sellers and purchasers of precious metal and monetized bullion
Taxpayer Count:	71
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2012 with an upcoming review in 2024

82.04.192(3)(b)(i) - Digital automated service - primarily human effort

Description

Digital automated services are classified as retail sales and are subject to retailing B&O tax. However, digital goods that primarily represent the application of human effort and the human effort originated after the customer requested the service, such as a digitally delivered engineering report prepared primarily through the application of an engineer's effort, are excluded from this definition of digital goods and are instead subject to the service and other activities B&O tax.

This exclusion does not apply to amounts received by photographers for taking photographs transferred digitally to the customer if the customer is the end user. These payments are considered to be for the sale of digital goods and are subject to sales taxes and retailing B&O tax.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues, resulting from a decrease in B&O tax revenue and an increase in sales tax revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Repealing this preference would have a large, but indeterminate impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Buyers and sellers of professional services
Taxpayer Count:	Large but indeterminate
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(ii) - Digital automated service - loaning or transferring money, or transferring financial instruments

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes the loaning or transferring of money or the purchase, sale, or transfer of financial instruments, including cash, accounts receivable and payable, loans and notes receivable and payable, debt securities, equity securities, as well as derivative contracts such as forward contracts, swap contracts, and options. As a result, income from these activities is not subject to sales tax.

Sales tax may apply if the service is bundled with a taxable service or product offered exclusively in connection with a taxable digital product.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$462.210	$479.980	$501.320	$525.180
Local Taxes	$207.860	$215.850	$225.440	$236.170

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$334.650	$381.310	$399.460
Local Taxes	$0.000	$197.860	$225.440	$236.170

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the service and other activities B&O growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.
- Amounts in this estimate only include 70% of the income reported under service and other activities B&O tax by taxpayers with NAICS starting with 523 or 525. These amounts could include income from sources not relevant to this estimate. Additionally, relevant results which do not meet the above criteria are not included in this estimate.

- Under current law, 23% of the impacted population pays the specified financial institutions surtax.
- Under current law, impacted taxpayers pay the service and other activities B&O tax rate of 1.75%.
- 14.3% of the revenue collected from the 1.75% rate is deposited into the Workforce Education Investment Account.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers and sellers of financial instruments and those transferring money
Taxpayer Count:	3,400
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(iii) - Digital automated service - dispensing cash or items from a machine

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes dispensing cash or physical items from a machine. As a result, dispensing cash or physical items from a machine are not subject to sales tax.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$10.580	$10.990	$11.480	$12.030
Local Taxes	$4.760	$4.940	$5.160	$5.410

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$7.640	$8.700	$9.110
Local Taxes	$0.000	$4.530	$5.160	$5.410

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the services B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Fee income from automated teller machines (ATM) is the only revenue source included in this estimate.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.
- There are 6,689 ATMs in Washington.
- The number of ATMs across the globe remain stable. There is no increase in ATMs.
- Average yearly fee income per ATM for 2022 is $17,228.
- Approximately 29% of the ATMs in the U.S. are owned by banks.
- Banks are subject to the specified financial institutions surtax under current law.

82.04.192(3)(b)(iii) - Digital automated service - dispensing cash or items from a machine

Data Sources

- Economic and Revenue Forecast Council, March 2023 Forecast
- University of North Florida - Cetner for Economic and GIS Research, ATM data
- Bankrate.com, "Bank overdraft fees tumble to 13-year low while ATM fees are back on the rise."
- EnterpriseAppsToday.com, "Some Crucial ATM Statistics To Understand Its Expansion Worldwide In The Banking Sector."

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2009
Primary Beneficiaries:	Individuals who withdraw cash from an ATM
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(iv) - Digital automated service - payment processing services

Description

Digital automated services are classified in statute as retail sales. However, statute excludes payment processing services, such as electronic credit card processing activities, from the definition of "digital automated services." As a result, payment processing services are not subject to sales tax.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$131.010	$136.040	$142.090	$148.850
Local Taxes	$58.910	$61.180	$63.900	$66.940

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$96.110	$109.500	$114.720
Local Taxes	$0.000	$56.080	$63.900	$66.940

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the services B&O taxable activities growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.
- Under current law, 18% of the impacted population pays the specified financial institutions surtax.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

82.04.192(3)(b)(iv) - Digital automated service - payment processing services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses which participate in payment processing.
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(v) - Digital automated service - parimutuel wagering and handicapping contests

Description

Digital automated service are retail sales. However, the definition of digital automated services excludes parimutuel wagering and handicapping contests. As a result, parimutuel wagering and handicapping contests as authorized are exempt from sales tax.

Purpose

To decrease costs for management of online gambling.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Online software betting vendors
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(vi) - Digital automated service - telecommunications and supporting services

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes telecommunications services and ancillary services. While not taxable as digital automated services, telecommunications services and ancillary services are retail sales. Charges for these services are subject to sales tax.

Purpose

To decrease costs for telecommunications and supporting services.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would have an indeterminate impact on revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this bill is indeterminate due to the difficulty with separating digital automated service from other service taxable income.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses who participate in digital automated travel agent services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(vii) - Digital automated service - Internet and Internet access

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes the internet and internet access. As a result, charges for the internet and internet access are not subject to sales tax.

Purpose

To decrease costs for internet and internet services.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$184.520	$199.220	$215.090	$232.220
Local Taxes	$82.980	$89.590	$96.730	$104.430

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$146.690	$172.770	$186.530
Local Taxes	$0.000	$82.120	$96.730	$104.430

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.

Data Sources

- Economic Revenue and Forecast Council March 2023 Forecast.
- IBISWorld.com, Internet service providers data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Customers receiving internet services
Taxpayer Count:	7.5 million
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(ix) - Digital automated service - online education

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes online educational programs provided by either:

- A public or private elementary or secondary school.
- An institution of higher education as defined in sections 1001 or 1002 of the federal higher education act of 1965 (Title 20 U.S.C. Secs. 1001 and 1002), as existing on July 1, 2009. An online educational program must encompass the institution's accreditation.

As a result, charges for online educational programs, as described above, are not subject to sales tax.

Purpose

Decrease taxes for online educational programs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would have an indeterminate impact on revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this bill is indeterminate but likely minimal due to minimal taxpayer savings.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Private and public schools, and qualifying institutions of higher education
Taxpayer Count:	475
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(x) - Digital automated service - live presentations

Description

Digital automated services are classified as retail sales, for the purpose of the B&O tax. However, live presentations via the Internet or telecommunications equipment are excluded from this definition and are subject to service and other activities B&O tax.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$199.350	$207.010	$216.210	$226.500
Local Taxes	$89.650	$93.090	$97.230	$101.860

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$152.410	$173.680	$181.930
Local Taxes	$0.000	$85.330	$97.230	$101.860

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- 34% of Washington taxpayers perform webinars.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.
- On average, taxpayers will perform 34 webinars per year, have an average attendance of 39 students per webinar, and charge an average of $100. Of these webinars, 78% are assumed to meet the definition of "live presentation".

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 Forecast
- CloudIncome.com, Webinar Statistics and Facts 2023
- CostOwl.com, "How Much Does it Cost to Host Webinars."
- Employment Security Department, Employment data

82.04.192(3)(b)(x) - Digital automated service - live presentations

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Providers and users of live-online presentations
Taxpayer Count:	57,777
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(xi) - Digital automated service - travel agent services

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes travel agent services, including online travel services, and automated systems used by travel agents to book reservations. As a result, charges for these services are not subject to sales tax.

Purpose

To decrease taxes for travel agent services.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$8.460	$8.800	$9.170	$9.560
Local Taxes	$3.800	$3.960	$4.120	$4.300

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$6.480	$7.360	$7.690
Local Taxes	$0.000	$3.630	$4.120	$4.300

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.

Data Sources

- Department of Revenue, Excise tax data
- Economic Revenue and Forecast Council March 2023 Forecast

82.04.192(3)(b)(xi) - Digital automated service - travel agent services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses providing travel agent services electronically
Taxpayer Count:	8
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(xii) - Digital automated service - online marketplace activities and services

Description

Digital automated services are retail sales. However, the definition of digital automated services excludes online marketplace related activities, which are services that allow the recipient of the service to make online sales of products or services, digital or otherwise, using provider's web site. Services using the recipient's website are also excluded, but only if the provider's technology is used to create or host the recipient's site, or to process orders from customers using the recipient's site. As a result, income from these activities is not subject to sales tax.

Purpose

To decrease taxes for online marketplace activities and services.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$263.010	$273.580	$284.950	$297.140
Local Taxes	$118.280	$123.030	$128.140	$133.630

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$195.214	$222.179	$232.077
Local Taxes	$0.000	$112.780	$128.140	$133.630

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local sales tax estimates use the statewide average local sales and use taxes rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.
- Amounts used in this estimate are based on service and other activities B&O tax reported by known online marketplace businesses. It is possible these amounts include revenue from other activities. Additionally, it is possible companies performing these activities were not included in this list.

Data Sources

- Department of Revenue, Excise tax returns
- Economic and Revenue Forecast Council, March 2023 forecast

82.04.192(3)(b)(xii) - Digital automated service - online marketplace activities and services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Users and providers of online marketplace activities and services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(xiii) - Digital automated service - advertising services

Description

Digital automated service are retail sales. However, the definition of digital automated services excludes advertising services. Advertising services means:

- All services directly related to the creation, preparation, production, or the dissemination of advertisements.
- Advertising services include layout, art direction, graphic design, mechanical preparation, production supervision, placement, and rendering advice to a client concerning the best methods of advertising that client's products or services.
- Advertising services also include online referrals, search engine marketing and lead generation optimization, web campaign planning, the acquisition of advertising space in the internet media, and the monitoring and evaluation of web site traffic for purposes of determining the effectiveness of an advertising campaign.
- Advertising services do not include web hosting services and domain name registration.

As a result, advertising services, as described above are not subject to sales tax.

Purpose

To decrease costs for advertising services.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$285.190	$296.660	$308.980	$322.200
Local Taxes	$128.250	$133.410	$138.950	$144.900

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$220.630	$250.670	$261.410
Local Taxes	$0.000	$122.290	$138.950	$144.900

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.

82.04.192(3)(b)(xiii) - Digital automated service - advertising services

Data Sources

- Economic Revenue and Forecast Council, March 2023 forecast
- Statista, Online Advertising Revenue in the United States
- U.S. Census Bureau, Population Division
- IAB.com, Internet Advertising Revenue Report 2021

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Customers purchasing items that include advertising services.
Taxpayer Count:	7.5 million
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(xiv) - Digital automated service - storage, hosting and backup

Description

Digital automated services are classified as retail sales, for the purpose of the B&O tax and the sales and use taxes. However, the mere storage of digital products, digital codes, computer software, or master copies of software is excluded from this definition and is instead subject to the service and other activities B&O tax.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$90.080	$93.540	$97.700	$102.350
Local Taxes	$40.510	$42.070	$43.940	$46.030

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$36.570	$43.270	$47.040
Local Taxes	$0.000	$38.560	$43.940	$46.030

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the services B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local sales tax estimates use the statewide average local sales and use taxes rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.

Data Sources

- Department of Revenue, Excise tax data
- Economic Revenue and Forecast Council, March 2023 Forecast
- U.S. Census Bureau, Washington Quick Facts: Computer and Internet Access in the United States
- International Telecommunications Union, Worldwide internet usage statistics
- IBIS World, Internet Hosting Services in the US - Market Size, Industry Analysis, Trends and Forecasts (2023-2028)
- Statista, Annual Spending on Cloud IT Infrastructure Worldwide from 2013 to 2016

82.04.192(3)(b)(xiv) - Digital automated service - storage, hosting and backup

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of storage, hosting and backup services
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.192(3)(b)(xv) - Digital automated service - data processing

Description

Digital automated services are classified as retail sales and are subject to retailing B&O tax. However, digital automated services exclude data processing services from the definition of digital automated services, so they are instead subject to the service and other activities B&O tax classification. Data processing services includes automated services to extract information from customer-supplied data including check processing, image processing, form processing, survey processing, payroll processing, claim processing, and similar activities.

Any services beyond the bare processing itself would disqualify an activity.

Purpose

To protect the sales and use tax base, establish certainty in the tax code, maintain conformity with the streamlined sales and use tax agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$21.964	$22.808	$23.822	$24.956
Local Taxes	$0.000	$10.257	$10.713	$11.223

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$17.140	$19.135	$20.045
Local Taxes	$0.000	$9.402	$10.713	$11.223

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the services B&O taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023, forecast.
- Local sales tax estimates use the statewide average local sales and use taxes rate of 2.92%.
- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from taxpayers paying 0.471% retailing tax rate rather than the 1.75% service and other activities tax rate.
- This estimate reflects the service and other activities B&O tax amounts reported by taxpayers assigned NAICS 541214 (Payroll Services). It is possible this amount includes services which qualify for this exemption as well as unrelated amounts. It is also likely payroll processing services are performed by businesses not assigned to this NAICS code, they were not captured in this estimate.

82.04.192(3)(b)(xv) - Digital automated service - data processing

- Data for taxpayers performing check processing, image processing, survey processing, form processing, and claim processing was not able to be identified by using NAICS codes as many of these services are bundled with other activities. Taxable amounts for these services were not included in this estimate and these taxpayers were not included in the taxpayer count.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Data processing businesses
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.04.213; 82.04.050(11)(b) - Christmas tree production

Description

Items purchased to produce plantation Christmas trees are exempt from sales and use taxes because plantation Christmas trees are included in the definition of agricultural products.

Purpose

To recognize that production of plantation Christmas trees is similar to the production of other agricultural products.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.783	$0.812	$0.842	$0.873
Local Taxes	$0.226	$0.235	$0.243	$0.252

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.774	$0.842	$0.873
Local Taxes	$0.000	$0.215	$0.243	$0.252

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth is compound annual growth rate of 7% based on chemical, fertilizer and labor expenditures from U.S. Census of Agriculture and Agrochemical market report.
- Christmas trees cost $15.23 in taxable expenditures from planting to harvest.
- Approximately 535,000 Christmas trees harvested in Washington.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Pacific Northwest Christmas Tree Association, Facts at a glance
- U.S. Department of Agriculture, Farm production expenditure data
- Y!finance, Agrochemicals market report summary

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Growers of plantation Christmas trees
Taxpayer Count:	440 growers
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018

82.08.010(1)(a) - Trade-ins

Description

The definition of selling price excludes the value of trade-ins. This means sales tax is collected on the price after the value of the trade-in is deducted. To qualify, the used items must be accepted by the vendor and be of "like-kind." For example, a person purchasing a new French horn may trade in a used trombone since both are musical instruments.

Purpose

To encourage purchases of new items, especially motor vehicles.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$254.130	$263.670	$272.980	$282.620
Local Taxes	$109.660	$113.780	$117.800	$121.960

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$241.700	$272.980	$282.620
Local Taxes	$0.000	$104.300	$117.800	$121.960

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Buyers of motor vehicles
Taxpayer Count:	1,100
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2016 with an upcoming review in 2023

82.08.010(1)(b) - Cash discounts

Description

The selling or sales price of a retail sale does not include cash, term, or coupon discounts taken by a purchaser and not reimbursed to the seller by a third party. These discounts are deductible from the selling or sales price when determining the amount of sales tax to collect.

Purpose

To avoid requiring sellers to remit or pay tax on amounts they did not receive.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$29.700	$30.900	$31.990	$33.230
Local Taxes	$12.900	$13.400	$13.900	$14.400

Repeal of exemption

Repealing this exclusion would not increase revenues. Businesses deduct cash discounts as an accounting convenience and would likely alter their method of reporting tax if the exclusion were repealed.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- A repeal of this exemption results in no revenue impact.

Data Sources

- Department of Revenue, Excise tax data
- Joint Legislative Audit and Review Committee, Report 09-11: 2009 Full Tax Preference Performance Reviews

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1935
Primary Beneficiaries:	Businesses that offer cash discounts to purchasers
Taxpayer Count:	3,670
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2009

82.08.0203 - Trail grooming services

Description

Sales of trail grooming services to Washington or nonprofit corporations are not subject to sales tax. Trail grooming means the activity of snow compacting, snow redistribution, or snow removal on state-owned or privately owned trails.

Purpose

To provide higher quality and safer cross country ski trails in Washington and to promote tourism.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.227	$0.235	$0.244	$0.252
Local Taxes	$0.066	$0.068	$0.070	$0.073

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.216	$0.244	$0.252
Local Taxes	$0.000	$0.062	$0.070	$0.073

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable retail sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Washington Parks and Recreation Commission, Trail grooming and snow removal budget fiscal year 2023.

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	State of Washington agencies, non-profit and for profit organizations that operate cross-country ski and snowmobile trail grooming and snow removal services.
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2022

82.08.0205; 82.12.0205 - Waste vegetable oil used in production of biodiesel

Description

Waste vegetable oil sold to and used by a person to produce biodiesel for personal use is exempt from the sales and use taxes.

Purpose

To support production of alternative fuels.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.888	$0.944	$1.003	$1.067
Local Taxes	$0.399	$0.424	$0.451	$0.480

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.865	$1.003	$1.067
Local Taxes	$0.000	$0.389	$0.451	$0.480

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the compound annual growth rate of 6.3% reflected in used cooking oil market report.
- Value of waste vegetable oil is $3.3 per gallon.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- U.S. Department of Agriculture Energy, Biodiesel energy data
- U.S. Energy Information Administration, Biodiesel data
- The International Market Analysis Research and Consulting Group, Used cooking oil market data
- Fortune Business Insights, Used cooking oil market size

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Small scale biodiesel producers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0206 - Working families' tax credit

Description

The "Working Families' Tax Credit" (WFTC) is a credit in the form of a refund of sales and use taxes provided to eligible low-income individuals. This credit is based in part on the federal Earned Income Tax Credit (EITC).

To be eligible for the credit, individuals must qualify for the ETIC or would otherwise qualify for the EITC except that they used an Individual Tax Identification Number instead of a Social Security Number on their federal income tax return.

The maximum credit amount varies depending on an individual's income and number of qualifying children. The maximum credits are:

- $300 for eligible persons with no qualifying children.
- $600 for eligible persons with one qualifying child.
- $900 for eligible persons with two qualifying children.
- $1,200 for eligible persons with three or more qualifying children.

The minimum payment is $50, regardless of the number of qualifying children.

The credit amounts will be adjusted for inflation every year, beginning January 1, 2024, based on changes in the average consumer price index for the Seattle, Washington area for urban wage earners and clerical workers, all items, compiled by the Bureau of Labor Statistics, U.S. Department of Labor.

For payments based on tax year 2022, the credit amounts are reduced, rounded to the nearest dollar as follows:

- For eligible persons with no qualifying children, beginning at $2,500 of income below the federal phase-out income for the prior year, by 12.0% per additional dollar of income until the minimum credit amount is reached.
- For eligible persons with one qualifying child, beginning at $5,000 of income below the federal phase-out income for the prior federal tax year, by 12.0% per additional dollar of income until the minimum credit amount is reached.
- For eligible persons with two qualifying children, beginning at $5,000 of income below the federal phase-out income for the prior federal tax year, by 18.0% per additional dollar of income until the minimum credit amount is reached.
- For eligible persons with three or more qualifying children, beginning at $5,000 of income below the federal phase-out income for the prior federal tax year, by 24.0% per additional dollar of income until the minimum credit amount is reached.
- The percentage reduction rates will be adjusted annually to align the WFTC maximum qualifying income with the maximum federal adjusted gross income limit for the EITC.

Purpose

To reduce the tax burden on low-income households.

82.08.0206 - Working families' tax credit

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$141.000	$156.000	$171.000	$188.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$156.000	$171.000	$188.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 12 months of collections in fiscal year 2025.
- Growth will increase by 10% each fiscal year.

Data Sources

- Department of Revenue, Working Families' tax credit data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008 with funding effective in 2023
Primary Beneficiaries:	Low-income households in Washington
Taxpayer Count:	200,000
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0207; 82.12.0207 - Adaptive veteran housing

Description

An exemption in the form of a refund may be granted for the state sales and use taxes paid on materials and labor used to construct adaptive housing for disabled veterans.

The refund amount is capped at $2,500 per project. The total of all refunds paid in each fiscal year is capped at $125,000.

Purpose

To provide specific financial relief for disabled veterans.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Refund data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Disabled veterans
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Upcoming review scheduled in 2025

82.08.0208; 82.12.0208(1) - Digital codes

Description

Digital codes providing access to exempt digital goods are exempt from sales and use taxes.

Purpose

To promote uniformity, consistency, and ease of administration in the tax code.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would have an indeterminate impact on revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this exemption is indeterminate but believed to be minimal as there is insufficient data to reliably calculate a value.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Buyers and sellers of codes which provide access to digital goods.
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.08.0208(2); 82.12.0208(2) - Digital goods or automated services for the public

Description

Purchases of digital goods and digital automated services are exempt from sales and use taxes when acquired for the purpose of making them available to the general public at no charge.

Purpose

Promotes fairness and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.069	$0.070	$0.072	$0.075
Local Taxes	$0.031	$0.031	$0.033	$0.034

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.064	$0.072	$0.075
Local Taxes	$0.000	$0.029	$0.033	$0.034

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable sales growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92 %.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses providing digital content for free
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.08.0208(3); 82.12.0208(6) - Digital goods and services for business purposes

Description

Sales of digital goods, or services rendered in respect to digital goods, that are sold to a business solely for business purposes are exempt from sales and use taxes.

Purpose

To promote uniformity and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.691	$0.717	$0.743	$0.769
Local Taxes	$0.311	$0.323	$0.334	$0.346

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.657	$0.743	$0.769
Local Taxes	$0.000	$0.296	$0.334	$0.346

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic Revenue and Forecast Council, March 2023

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses buying and selling digital goods
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0208(4); 82.12.0208(7) - Digital goods and services for multiple points of use

Description

Digital goods, digital codes, digital automated services, prewritten computer software, and services that are concurrently available for use within, and outside Washington are exempt from sales and use taxes if the goods or services are not for personal use.

Purpose

To promote uniformity, consistency, and ease of administrative in the tax code.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.140	$2.220	$2.290	$2.370
Local Taxes	$0.960	$1.000	$1.030	$1.070

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.030	$2.290	$2.370
Local Taxes	$0.000	$0.910	$1.030	$1.070

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail sales growth rate reflected in the Economic and Revenue Forecast Council's March forecast.
- A taxpayer subject to use tax on digital products or digital codes that are concurrently available for use within, and outside Washington is entitled to apportion the amount of tax due Washington based on users in Washington compared to users everywhere. For the purposes of this estimate, the taxpayer savings and potential revenue gains were calculated from the non-Washington portion of these sales, based on the Economic and Revenue Forecast Council March 2023 forecast for Washington and U.S. employment.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

82.08.0208(4); 82.12.0208(7) - Digital goods and services for multiple points of use

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Entities with operations within and outside the state
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.08.0208(5); 82.12.0208(8) - Audio or video programming by broadcasters

Description

Sales of audio or video programming by a radio or television broadcaster are exempt from sales and use tax. The exemption does not apply to programming sold on a pay-per-program basis or that allows the buyer to access a library of programs at any time for a specific charge for that service.

Purpose

To provide tax relief to radio and television broadcasters.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$72.510	$68.170	$64.090	$60.260
Local Taxes	$40.590	$38.160	$35.880	$33.740

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$62.490	$64.090	$60.260
Local Taxes	$0.000	$34.980	$35.880	$33.740

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the growth rate of broadband cable subscriptions. Broadband cable subscriptions are declining by an average of 6.0% per year.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax returns
- Department of Revenue, Audit data
- Statista.com, Subscriber information by quarter for various cable and satellite television providers
- Comcast, 2022 earnings report
- Spectrum, 2022 earnings report

82.08.0208(5); 82.12.0208(8) - Audio or video programming by broadcasters

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2020
Primary Beneficiaries:	Audio or video broadcasters
Taxpayer Count:	21
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0209 - Qualifying Grants – National emergency or state of emergency

Description

Certain financial assistance in the form of a grant or relief from debt provided under a government program to address the impacts of a national emergency declared by the president of the United States or state of emergency declared by the state governor is exempt from sales tax.

Purpose

To help mitigate the economic impacts of the COVID-19 pandemic. Provides guidance on the taxability of any qualifying government grant or loan forgiveness program associated with a future national or state of emergency.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues during a national or state of emergency.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Future emergency situations and the provision of government-funded assistance to taxpayers is unknown, therefore these estimates are indeterminate.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2021
Primary Beneficiaries:	Recipients of government-funded grants or debt relief during a national emergency or state of emergency
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0251 - Casual sales

Description

For persons not otherwise engaged in business activities, the law does not require to collect sales taxes when they sell items or services meeting the definition of a retail sale to consumers. However, the buyer is not exempt from the use tax on the value of these purchases.

Purpose

To limit sales tax collections and reporting to business entities. Also, the exemption recognizes the practical problems associated with locating and registering casual sellers.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.712	$0.725	$0.739	$0.753
Local Taxes	$0.179	$0.181	$0.183	$0.185

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.314	$0.352	$0.363
Local Taxes	$0.000	$0.008	$0.009	$0.009

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the consumer price index growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Compliance rate of 5% for sales by individuals, for all years.
- Not all sales by individuals are captured in this estimate.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- Office of Financial Management; November 2022 State Population Forecast
- Northern Kentucky Tribune; "It's the season for garage sales and yard sales."
- U.S. Census Bureau; US population data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Businesses selling items outside their general scope of business and individuals selling products at garage or yard sales.
Taxpayer Count:	500
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2009 with an upcoming review in 2023

82.08.0252 - Sales subject to public utility tax

Description

Sales subject to PU tax are exempt from sales tax.

Purpose

To avoid double taxation. The PU tax is a tax on consumers of utility services even though the provider of the service pays the tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$809.490	$826.160	$848.060	$875.830
Local Taxes	$364.030	$371.530	$381.380	$393.870

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$757.320	$848.060	$875.830
Local Taxes	$0.000	$340.570	$381.380	$393.870

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the public utility taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Tangible personal property sold or distributed that are public utilities would become subject to sales tax. This includes the sale or distribution of electricity, natural gas, or water.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1935
Primary Beneficiaries:	Public utilities and their customers
Taxpayer Count:	779
Program Inconsistency:	None evident
JLARC Review:	Full reviewed completed in 2014 and expedited review completed in 2023

82.08.02525; 82.12.02525 - Public records copies

Description

Charges received by state or local government agencies as reimbursement for the cost of providing copies of public records are exempt from sales and use taxes.

The exemption applies to documents provided under the Public Records Act when the state or local government agency charges no fee for the record itself, other than the amount necessary to cover the actual costs of providing the document. A maximum fee of $0.15 per page applies if the agency has not determined the actual cost.

Purpose

Supports open government and encourages citizens to seek the information they need from governmental agencies. Prevents agencies from having to collect and remit small amounts of sales tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.107	$0.107	$0.107	$0.107
Local Taxes	$0.048	$0.048	$0.048	$0.048

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.098	$0.107	$0.107
Local Taxes	$0.000	$0.044	$0.048	$0.048

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- 75% of "other statutory certifying and copy fees" are for copying of public records.
- Public records requests fluctuate, therefore calculated a 10-year average, and kept future annual amounts equal.
- State charges equal local charges.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- State Auditor, Local Government Financial Report System

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Washington citizens and state and local government agencies
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 with an upcoming review in 2025

82.08.0253; 82.12.0345; 82.08.0253(1)(b) - Newspapers

Description

The sales of newspapers sold by subscription and at newsstands are exempt from sales and use taxes.

The department's administrative rule defines a newspaper as a publication issued at regular intervals of less than two weeks, printed on newsprint in tabloid or broadsheet format, and without substantial binding.

Purpose

In 1935, taxing newspapers was viewed as inhibiting the "freedom of the press." In addition, the exemption relieved newspaper carriers (mostly youth) from being responsible for collecting and reporting the tax; however, the billing function has now largely been centralized by the publisher.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.391	$0.381	$0.371	$0.361
Local Taxes	$0.176	$0.171	$0.167	$0.162

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.319	$0.338	$0.329
Local Taxes	$0.000	$0.142	$0.151	$0.147

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rates are based on historical department data.
- Revenues for the newspaper and subscription industry will continue to decrease in the future.
- The decrease in the B&O tax revenue is due to the reduction in taxable sales due to the higher tax rate (elasticity).
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- U.S. Census Bureau, Housing data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Buyers of newspapers
Taxpayer Count:	15,000
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2009 and expedited review completed in 2023

82.08.02535 - Fund-raising sales of magazines

Description

Magazine subscriptions are exempt from sales tax when sold by schools or nonprofit organizations benefitting boys and girls 19 years and younger for purposes of raising funds to support their school or organization.

Purpose

To support these organizations.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.423	$0.418	$0.418	$0.418
Local Taxes	$0.190	$0.188	$0.188	$0.188

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.383	$0.418	$0.418
Local Taxes	$0.000	$0.172	$0.188	$0.188

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the newspapers, periodicals, and books industrial production growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Of the total magazines sells to households, 10% are sold via fundraisers.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Statista, U.S. household expenditure on newspapers and magazines
- Office of Financial Management, Postcensal estimates of housing

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Schools and nonprofit organizations
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2016

82.08.02537; 82.12.0347 - Academic transcripts

Description

Sales of academic transcripts, including those transferred electronically, by public and private educational institutions are exempt from sales and use taxes.

Purpose

To provide tax relief for students charged for copies of academic transcripts sent on their behalf to other schools, prospective employers, etc.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.164	$0.166	$0.166	$0.165
Local Taxes	$0.074	$0.074	$0.075	$0.074

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.152	$0.166	$0.165
Local Taxes	$0.000	$0.062	$0.075	$0.074

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth based on projected enrollment figures.
- Unofficial transcripts are free.
- 31% of high school students order five transcripts at $5 each.
- 50% of college graduates order five transcripts at $10 each.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Office of the Superintendent of Public Instruction, K-12 data
- Office of Financial Management, Education Research and Data Center data
- Digest of Education Statistics, College graduate data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Public and private educational institutions
Taxpayer Count:	295 School districts, 46 public colleges, 57 private colleges
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2019

82.08.0254; 82.12.0255 - Constitutionally exempt sales

Description

The Washington and U.S. Constitutions prohibit the taxation of certain activities. Sales and purchases from these activities are exempt from sales and use taxes. This includes, but is not limited to:

- Sales sourced to a location outside of Washington.
- Sales to the U.S. Government.
- Sales to Indian tribes or tribal members in Indian country.

Purpose

To avoid violating state and federal laws.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$4,547.840	$4,718.163	$4,887.548	$5,063.157
Local Taxes	$2,045.177	$2,121.772	$2,197.945	$2,276.916

Repeal of exemption

Repealing this exemption would not increase revenues as the U.S. and Washington Constitutions prohibit the taxation of certain activities.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No revenues are realized if the state law is repealed, these sales are also constitutionally exempt at the federal level.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Federal Government and individuals located on Indian reservations
Taxpayer Count:	31,597
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0255(1)(a,c); 82.12.0256(2)(a,c) - Fuel for urban transit or passenger-only ferries

Description

Motor vehicle fuel purchased for the purpose of providing public transportation is exempt from sales and use taxes. The fuel must also be exempt under the motor vehicle and special fuel taxes. This exemption also applies to fuel purchased by a public transportation benefit area, or a county-owned ferry or county ferry district for use in passenger-only ferries.

Purpose

To reduce the cost of providing public transit and encourage the use of these systems by riders.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$6.197	$6.342	$6.510	$6.708
Local Taxes	$2.787	$2.852	$2.928	$3.017

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$5.813	$6.510	$6.708
Local Taxes	$0.000	$2.614	$2.928	$3.017

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the transportation energy price growth rate reflected in the U.S. Energy Information Administration annual energy outlook for 2022.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- U.S. Energy Information Administration, Annual energy outlook for 2022
- Department of Transportation, 2021 Summary of public transportation

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1980
Primary Beneficiaries:	City transit agencies and county ferry systems
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2012 and expedited review completed in 2020

82.08.0255(1)(b); 82.12.0256(2)(b) - Fuel for transporting persons with special needs

Description

Motor vehicle and special fuel purchased by a certified private, nonprofit transportation provider for persons with special transportation needs is exempt from sales and use taxes. The fuel must also be exempt from the special fuel taxes.

Purpose

To lower nonprofit transportation provider costs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.177	$0.168	$0.165	$0.160
Local Taxes	$0.080	$0.076	$0.074	$0.072

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.154	$0.165	$0.160
Local Taxes	$0.000	$0.076	$0.074	$0.072

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate of gallons of fuel sold mirrors the fuel tax collections growth rate reflected in the Transportation Revenue Forecast Council's March 2023 forecast.
- Growth rate of selling price mirrors the diesel price growth rate reflected in the U.S. Energy Information Administration annual energy outlook for 2023.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Licensing, Fuel tax data
- Transportation Revenue Forecast Council March 2023 forecast
- U.S. Energy Information Administration, Annual energy outlook 2023

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Special needs transportation providers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2011 and 2020

82.08.0255(1)(d,e); 82.12.0256(2)(e,f) - Fuel for state or county ferries

Description

Motor vehicle or special fuel purchased for use in Washington or county-owned ferries is exempt from sales and use taxes.

Purpose

Reduces the cost for state and local government to provide ferry service.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.661	$2.664	$2.682	$2.761
Local Taxes	$1.196	$1.198	$1.206	$1.241

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.442	$2.682	$2.761
Local Taxes	$0.000	$1.098	$1.206	$1.241

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the consumer energy price growth rate reflected in the S&P Global Market Intelligence March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Transportation, Washington state ferries route statements for fiscal years 2017 to 2020
- Various websites for county run ferry systems
- S&P Global Market Intelligence, Consumer energy prices March 2023 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	State and county owned ferry systems
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.0255(1)(f); 82.12.0256(2)(d) - Special fuel used on public highways

Description

Fuel used by vehicles on public highways and subject to the special fuel tax is exempt from sales and use taxes.

Purpose

To avoid double taxation. However, there are other instances of products being subject to a tax at the distributor level and another tax at the retail level.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$645.735	$646.474	$650.909	$669.992
Local Taxes	$290.389	$290.721	$292.716	$301.297

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$592.601	$650.909	$669.992
Local Taxes	$0.000	$266.494	$292.716	$301.297

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the consumer energy price growth rate reflected in the S&P Global Market Intelligence March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- S&P Global Market Intelligence, Consumer energy prices March 2023 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Licensed drivers
Taxpayer Count:	1,845
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2009 with an upcoming review in 2025

82.08.0255(2); 82.12.0256(1) - Special fuel purchased in WA but used outside of state

Description

Persons engaged in interstate commerce may claim a credit or refund for retail sales or use taxes paid on fuel delivered in Washington but transported and used outside of Washington.

Purpose

To not interfere with interstate commerce.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would not increase revenues. Interstate carriers would likely shift their fuel purchases to other states.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The taxpayer savings from the credit is reflected in the savings for special fuel used on public highways.
- A repeal of this exemption results in no revenue impact.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1983
Primary Beneficiaries:	Interstate carriers
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2011 with an upcoming review in 2025

82.08.0256; 82.12.0257 - Public utility operating property

Description

The sale of operating property used in conducting a utility operation to the state or a local government entity is exempt from sales and use taxes. The exemption includes properties such as water systems and electrical substations of a public utility.

Exemption requirements include:

- The utility property must be operating as utility property before the sale, and the new owner must continue to operate the property as a utility.
- The purchaser of the operating utility property must be a state agency or political subdivision.

Purpose

This exemption addresses intergovernmental transfers of utility operations resulting from annexations or incorporations. These transfers do not result in financial gain but merely reflect a transfer of assets among jurisdictions.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this bill is indeterminate but assumed to be minimal. Utilities do not report these purchases, therefore there is no data to show how often these sales occur.

Data Sources

Joint Legislative Audit and Review Committee, Report 09-4: 2008 Expedited Tax Preference Performance Reviews

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1935
Primary Beneficiaries:	State and local jurisdictions, municipal utilities, and public utility districts that purchase operating utility property
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2008 and 2023

82.08.02565; 82.12.02565 - Manufacturing and R&D machinery and equipment

Description

Manufacturers and processors for hire are eligible for a sales and use tax exemption on purchases of manufacturing machinery and equipment (M&E) used directly in a manufacturing operation, research and development operation, or testing operation. Charges for installing, repairing, cleaning, altering, or improving the machinery and equipment are also exempt.

Property with a useful life of less than one year, hand tools, and consumable supplies do not receive an exemption. Manufacturing, research and development (R&D), and testing operations for cannabis or cannabis related products are also not eligible for the exemption.

"Manufacturing operation" means the manufacturing of articles, substances, or commodities for sale as tangible personal property.

“Research and development” means activities performed to discover technological information, and technical and nonroutine activities concerned with translating technological information into new or improved products, processes, techniques, formulas, inventions, or software. The term includes exploration of a new use for an existing drug, device, or biological product if the new use requires separate licensing by the Federal Food and Drug Administration. The term does not include adaptation or duplication of existing products where the products are not substantially improved by the application of the technology, nor does the term include surveys and studies, social science and humanities research, market research or testing, quality control, sale promotion and service, computer software developed for internal use, and research in areas such as improved style, taste, and seasonal design.

"Research and development operation" means engaging in R&D by a manufacturer (or processor for hire for a manufacturer), who has a manufacturing operation that produces tangible personal property for sale even if the manufacturing operation could be for separate products or performed away from the R&D site.

Taxpayers are not required to manufacture items for sale to qualify for the M&E exemption in the context of a research and development operation.

Purpose

To encourage manufacturing activity to take place in Washington and create family wage jobs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$353.660	$347.190	$358.490	$368.950
Local Taxes	$159.040	$156.130	$161.220	$165.920

Repeal of exemption

Repealing this exemption would increase revenues.

82.08.02565; 82.12.02565 - Manufacturing and R&D machinery and equipment

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$318.260	$358.490	$368.950
Local Taxes	$0.000	$143.120	$161.220	$165.920

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the B&O taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Non-qualified expenses equal 25% of the total M&E amount reported to U.S. American Manufacturer's Survey.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- Economic Census, Annual Survey of Manufacturers

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Taxpayers engaged in manufacturing activities
Taxpayer Count:	9,000
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.02565(1)(c)(ii); 82.12.02565 - M&E on sales of manufactured or compressed natural gas

Description

A gas distribution business that manufactures compressed or liquefied natural gas for use as transportation fuel must pay sales and use taxes on machinery and equipment purchases for use in the manufacturing process. Beginning July 1, 2017, the gas distribution business may apply for a remittance for the sales and use taxes paid on such equipment. The gas distribution business can only apply for a remittance once a quarter and the department cannot accept remittances after June 30, 2028.

Purpose

To provide uniform treatment of natural gas used as a transportation fuel.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There have been no remittance requests. We expect no requests during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Gas distribution business that manufactures compressed or liquefied gas for use as transportation fuel
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Description

The sale of machinery and equipment (M&E) used primarily in a research and development operation at public research institutions is exempt from sales and use tax. Qualifying machinery and equipment includes:
- Computer hardware and software.
- Laboratory equipment and instruments.
- Vats, tanks, and fermenters.
- Equipment used to control, monitor, or operate qualifying machinery.

Purpose

Ensures amendments made to the M&E exemption in 2011 would not affect public research institutions.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$3.549	$3.540	$3.566	$3.595
Local Taxes	$1.596	$1.592	$1.604	$1.616

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$3.245	$3.566	$3.595
Local Taxes	$0.000	$1.459	$1.604	$1.616

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the research and development operation growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Annual tax performance reports
- Economic and Revenue Forecast Council, March 2023 forecast

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Public research institutions
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.08.02566; 82.12.02566 - Aircraft part prototypes

Description

Sales of tangible personal property incorporated into or used for modifications made to prototypes of aircraft parts and auxiliary equipment are exempt from sales and use taxes if the business developing the prototypes has taxable annual income of $20 million or less. The exemption is limited to $100,000 per business per calendar year. Eligible businesses must pay tax at the point of sale and apply for a refund directly from the department.

Purpose

To assist relatively small manufacturers of aircraft parts.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Businesses developing prototypes of aircraft parts and auxiliary equipment
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2019

82.08.025661; 82.12.025661 - Aerospace FAR Repair Stations

Description

FAR Part 145 certificated repair stations engaged in the repair of airplanes receive sales and use tax exemptions on:

- Charges for the construction of new buildings.
- Charges for tangible personal property that is incorporated as an ingredient or component of such buildings.
- Charges for labor and services rendered in respect to installing building fixtures that do not qualify for the machinery and equipment exemption.

A repair facility's construction is operationally complete when the facility can host the repair and maintenance of airplanes.

To perform work on aircraft in the United States an entity must be licensed by part 145 of the Code of Federal Regulations (CFR Part 145). Repair stations meeting the criteria are often called FAR Part 145 repair stations.

To be eligible for the exemptions, the eligible maintenance and repair facility must be located at a commercial services airport owned by a county with a population less than one million, or a commercial services airport jointly owned by a city and a county.

The exemption is in the form of a remittance from the department for taxes paid. The entity may request the remittance of the local sales and use tax after July 1, 2016. The sales tax exemption expires on January 1, 2031.

To qualify for the state portion of the sales and use tax exemption, the applicant must report to the Employment Security Department at least 100 average employment positions, with an average annualized wage of $80,000 for a period of four consecutive calendar quarters, beginning with the first calendar quarter after the date the facility is a issued an occupancy permit by the local permit issuing authority.

Purpose

To encourage the building of FAR 145 repair stations in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would not increase revenues because remittance for both local and state sales taxes from the new construction of repair facility will not occur prior to the repeal date of July 1, 2024.

82.08.025661; 82.12.025661 - Aerospace FAR Repair Stations

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2016
Primary Beneficiaries:	Taxpayers performing aircraft maintenance repair under FAR 145
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.02568; 82.12.02568 - Aluminum production anodes and cathodes

Description

The sale or use of carbon, petroleum coke, coal tar, pitch, and similar substances that become an ingredient or component of anodes and cathodes used in manufacturing aluminum for sale are exempt from sales and use taxes.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exclusion would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Aluminum smelters
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 with an upcoming review scheduled in 2024

82.08.02569; 82.12.02569 - Gravitational wave observatory

Description

Tangible personal property incorporated into a structure which is an integral part of a laser interferometer gravitational wave observatory is exempt from sales and use taxes.

Purpose

To encourage construction of a facility in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1996
Primary Beneficiaries:	The California Institute of Technology and the federal government
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2023

82.08.0257; 82.12.0258 - Farm auction sales

Description

Sales of farm related tangible personal property by an auctioneer are exempt from sales and use taxes. The seller must be a farmer with the sale held on a farm. This exemption does not apply to personal property used by the seller in the production of cannabis, useable cannabis, or cannabis-infused products.

Purpose

To support the agricultural industry and farmers selling old equipment to purchase new equipment.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.883	$1.921	$1.959	$1.998
Local Taxes	$0.544	$0.555	$0.566	$0.578

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.761	$1.959	$1.998
Local Taxes	$0.000	$0.509	$0.566	$0.578

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- On average $28.4 billion is spent on agricultural machinery and equipment sold at auction.
- 2% growth based on purchases of farm equipment the last five years.
- 10% of all farm equipment is sold at auctions.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- U.S. Department of Agriculture, Farm production expenditure summaries

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1943
Primary Beneficiaries:	Farmers that sell machinery and other personal property at farm auctions, as well as the buyers of the items
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2008 and 2018

82.08.02573 - Nonprofit organization fundraising

Description

Sales by a nonprofit organization or a library for fundraising activities are exempt from sales tax if the gross income from the sale is exempt under B&O tax. The exemption does not extend to the regular operation of a bookstore, thrift shop, or restaurant.

Purpose

To support fundraising activities of nonprofit organizations and libraries.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$40.900	$42.600	$44.200	$46.000
Local Taxes	$18.400	$19.100	$19.900	$20.700

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$39.000	$44.200	$46.000
Local Taxes	$0.000	$17.500	$19.900	$20.700

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors B&O taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Washington nonprofit organizations generated $100 billion in total revenue in fiscal year 2022.
- Fundraising is 12.5% of the total revenue generated.
- Sales tax applies to 5% of overall fundraising revenue.

Data Sources

- Economic and Revenue Forecast Council, March 2023
- National Council of Nonprofits, Nonprofit revenue data
- Cause IQ, Washington nonprofit data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1998
Primary Beneficiaries:	Nonprofit organizations fundraising by selling items to support their activities
Taxpayer Count:	41,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 with an upcoming review in 2024

82.08.0258; 82.12.0259 - Federal instrumentalities furnishing aid and relief

Description

A sales and use taxes exemption on purchases exists for corporations created by Congress that provide:
- Volunteer aid to the armed forces.
- A system of national and international disaster relief.

Purpose

Supports the social benefits provided by federal instrumentalities furnishing aid and relief.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would not increase revenues. Constitutional case law makes federal instrumentalities immune from state and local taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1935
Primary Beneficiaries:	Federal instrumentalities furnishing aid
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Excluded from review

82.08.0259; 82.12.0261 - Breeding livestock, cattle, and milk cows

Description

Sales of livestock for breeding purposes and sales of cattle and milk cows used on a farm are exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$11.702	$11.702	$11.702	$11.702
Local Taxes	$3.383	$3.383	$3.383	$3.383

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$10.744	$11.702	$11.702
Local Taxes	$0.000	$3.101	$3.383	$3.383

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth applied because Washington cow prices and head counts have remained steady for several years.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- U.S. Department of Agriculture, Agriculture census, statistics, and reports

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1945
Primary Beneficiaries:	Livestock breeders, cattle operations, and dairies that purchase animals for use in producing other animals or products for sale
Taxpayer Count:	4,800
Program Inconsistency:	None
JLARC Review:	Full review completed in 2010

82.08.026; 82.12.023; 82.14.030(1) - Natural and manufactured gas

Description

Natural and manufactured gas delivered through a pipeline that is subject to the special use tax on brokered gas under is exempt from sales and use taxes.

Purpose

Washington businesses that distribute natural gas are subject to public utility tax. Large industrial customers may purchase gas directly from out-of-state suppliers through brokers that are not subject to public utility tax. Starting in 1989 these large industrial customers started paying a use tax equivalent to the public utility tax. This exemption assures that these purchases are subject to the special use tax, rather than sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$17.893	$17.893	$17.893	$17.893
Local Taxes	($20.741)	($20.741)	($20.741)	($20.741)

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$16.402	$17.893	$17.893
Local Taxes	$0.000	($19.013)	($20.741)	($20.741)

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Estimates reflect state brokered natural gas rate of 3.85% and average local brokered natural gas rate of 4.66%.
- Zero growth due to historical fluctuations in tax collections.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1989
Primary Beneficiaries:	Large industrial users of natural or manufactured gas
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.0261(1) - Items used in interstate commerce

Description

Sales of tangible personal property, such as linens, bedding, chairs and tableware (excluding airplanes, trains, and vessels) to air, rail, or water private or common carriers for use in their business are exempt from sales tax. Any actual use of the item in Washington is subject to use tax.

Purpose

To encourage the purchase of these items in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$24.543	$24.451	$24.539	$24.780
Local Taxes	$11.037	$10.996	$11.035	$11.144

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$22.414	$24.539	$24.780
Local Taxes	$0.000	$10.080	$11.035	$11.144

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the transportation services consumer demand growth rate reflected in the S&P Global Intelligence March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Implan, Region Industry Commodity Demand: Air transportation, Rail transport, 2021
- Employment Security Department, Establishment size by number of employees, 2021
- S&P Global Intelligence, Real Consumer Spending Growth, transportation services, March 2023

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Transportation companies and customers
Taxpayer Count:	207
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2019

82.08.0261(2,3) - Sale of liquefied natural gas to a business operating as a private or common carrier by water in interstate or foreign commerce

Description

Businesses operating as a private or common carrier engaged in interstate or foreign commerce by water may receive a sales tax exemption purchasing liquid natural gas (LNG).

Use taxes are due on:
- LNG consumed in Washington.
- 10% of LNG transported outside of Washington.

These exemptions expire July 1, 2028.

Purpose

Provide a lower tax rate on liquefied natural gas that is not consumed in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	2014
Primary Beneficiaries:	Transportation businesses
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2019

82.08.0262; 82.12.0254(1) - Interstate transportation equipment

Description

Sales tax and use tax does not apply to sales or use of:

- Airplanes, locomotives, railroad cars, or watercraft for use in conducting interstate commerce.
- Vessels for conducting commercial deep-sea fishing outside the territorial waters of the state.
- Component parts for such equipment.
- Labor and services for constructing, repairing, cleaning, altering, and improving such equipment.

Purpose

To give a competitive advantage to Washington-based transportation manufacturing industries to retain high-wage, skilled manufacturing jobs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$9.373	$8.952	$8.989	$9.103
Local Taxes	$4.215	$4.282	$4.300	$4.355

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- A challenge under federal commerce laws would likely occur if this exemption was repealed, which results in no revenue impact.

Data Sources

- Department of Revenue, Excise tax data
- S&P Global Intelligence, Investment in equipment: transportation equipment, March 2023 forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Sellers of transportation equipment
Taxpayer Count:	126
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2010 and expedited review completed in 2019

82.08.0263; 82.12.0254(2,3) - Interstate commerce vehicles

Description

The sale or use of motor vehicles and trailers used for transporting persons or property for hire in interstate and foreign commerce are exempt from sales and use taxes. The purchaser or user must hold a permit issued by the federal Department of Transportation.

Use tax does not apply to a vehicle used by a nonresident when the vehicle is used:
- Exclusively to transport property or persons across state boundaries.
- Less than 15 consecutive days.

Purpose

To encourage sales in Washington by allowing delivery to occur in-state.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$13.087	$12.500	$12.551	$12.711
Local Taxes	$5.886	$5.979	$6.004	$6.080

Repeal of exemption

Repealing this exemption would not increase revenues. Buyers could restructure to take delivery out-of-state. In addition, taxing this property may violate the Commerce Clause.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

A challenge under federal commerce laws would likely occur if this exemption was repealed which results in no revenue impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Interstate carriers and dealers
Taxpayer Count:	28
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2019

82.08.0264 - Vehicles sold to nonresidents

Description

Motor vehicles, trailers, and campers sold to nonresidents for use outside the state are exempt from sales tax. Delivery may take place in Washington, provided the vehicle is:

- Taken directly out-of-state.
- Immediately licensed in the purchaser's state of residence and not used in Washington for more than three months.

Purpose

To eliminate a potential disadvantage for in-state vehicle dealers who compete against dealers in other states. Other purchases by nonresidents are subject to sales tax if delivery occurs within Washington, unless the provisions of RCW 82.08.0273 (residents of states with no or low sales taxes) apply.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$77.521	$80.424	$83.311	$86.305
Local Taxes	$34.860	$36.170	$37.470	$38.810

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident purchasers would take possession outside the state.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If this exemption is repealed, then nonresidents would take possession outside the state. Therefore, no revenue impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1949
Primary Beneficiaries:	Vehicle dealers and manufacturers
Taxpayer Count:	557
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2019

82.08.0266; 82.08.02665 - Boats sold to nonresidents

Description

The sale of watercraft to nonresidents, for use outside of Washington, is exempt from sales and use taxes, even when delivered in Washington, if the craft meets one of the following:

- Is registered with the U.S. Coast Guard.
- Is registered by the state of principal use according to the Federal Boating Act of 1958.

The qualifying craft must not be used within Washington for more than 45 days.

Purpose

Allowing the buyer to take delivery in Washington without incurring sales and use taxes helps to encourage purchases by nonresidents and foreigners.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$3.177	$3.296	$3.414	$3.537
Local Taxes	$1.429	$1.482	$1.535	$1.591

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresidents would likely take delivery outside of Washington or purchase the watercraft outside of Washington.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If this exemption is repealed, then nonresidents would either purchase or take possession outside the state. Therefore, no revenue impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1959
Primary Beneficiaries:	Boat dealers and manufacturers
Taxpayer Count:	29
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2017

82.08.0267; 82.12.0262 - Poultry used in production

Description

Poultry used for producing poultry or poultry products are exempt from sales and use taxes.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.245	$0.254	$0.264	$0.275
Local Taxes	$0.071	$0.074	$0.076	$0.079

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.233	$0.264	$0.275
Local Taxes	$0.000	$0.068	$0.076	$0.079

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Washington contains no hatcheries producing genetically improved chicks on a large-scale basis for commercial producers.
- Most of Washington's commercial egg producers purchase their replacement chicks from out-of-state hatcheries that deliver the chicks to them.
- Purchases of replacement chicks by Washington commercial laying operations are estimated at $3.83 million.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- U.S. Department Agriculture, 2017 Census
- Joint Legislative Audit & Review Committee references
- Economic and Revenue Forecast Council, March 2023 forecast

82.08.0267; 82.12.0262 - Poultry used in production

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Producers of poultry and poultry products
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2010 and expedited review completed in 2018

82.08.0268 - Farm equipment sold to nonresidents

Description

Farm machinery sold to nonresidents and immediately transported out of state is exempt from sales taxes. The exemption includes parts and labor for repair services performed on machinery and implements used for farming outside of the state.

Purpose

To allow Washington implement dealers to effectively compete with dealers in neighboring states which either exempt farm machinery or have a lower (or no) sales tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$10.480	$10.849	$11.231	$11.626
Local Taxes	$3.030	$3.136	$3.247	$3.361

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident farmers would likely buy and repair machinery in another state.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If this exemption is repealed, then nonresident farmers would buy and repair machinery outside the state. Therefore, no revenue impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Nonresident farmers that purchase and take delivery of farm machinery, implements and parts in Washington
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2010 and expedited review completed in 2018

82.08.0269 - Purchases by residents of Alaska & Hawaii

Description

Sales for use in states, territories, and possessions of the U.S. which are not contiguous to any other state are exempt from sales tax, if the seller delivers the property to an in-state receiving terminal of a carrier that transports the goods to an out-of-state location.

Purpose

To facilitate sales to residents of Alaska, Hawaii, and U.S. possessions and territories, and encourage trade through Washington ports.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.053	$0.053	$0.055	$0.057
Local Taxes	$0.024	$0.024	$0.025	$0.026

Repeal of exemption

Repealing this exemption will not increase revenues. Buyers will make alternative shipping arrangements.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If this exemption is repealed then residents of Alaska, Hawaii, and other U.S. possessions and territories will make alternative shipping arrangements outside the state. Therefore, no revenue impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1961
Primary Beneficiaries:	Businesses selling to residents of Alaska, Hawaii, and U.S. territories
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 and 2023

82.08.0271; 82.12.930 - Watershed and flood protection

Description

State and local government entities are exempt from sales and use taxes on tangible personal property consumed and labor and services rendered for watershed protection or flood prevention projects. The exemption is limited to the portion of the selling price that is reimbursable by the federal government under the Watershed Protection and Flood Prevention act.

Purpose

Support services on watershed protection and flood prevention.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.120	$0.120	$0.120	$0.120
Local Taxes	$0.050	$0.050	$0.050	$0.050

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.110	$0.120	$0.120
Local Taxes	$0.000	$0.050	$0.050	$0.050

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Appropriation amounts remain the same each year, therefore no annual growth factored.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Congressional Research Service, Agricultural Conservation: FY2022 Appropriations
- U.S. Census Bureau, State Area Measurements and Internal Point Coordinates

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1980
Primary Beneficiaries:	State and local government entities rendering projects and services relating to the Watershed Protection and Flood Prevention act.
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 with an upcoming review scheduled in 2026

82.08.0272; 82.12.0267 - Semen for artificial insemination of livestock

Description

Semen used for artificial insemination of livestock is exempt from sales and use taxes.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.701	$0.701	$0.701	$0.701
Local Taxes	$0.203	$0.203	$0.203	$0.203

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.643	$0.701	$0.701
Local Taxes	$0.000	$0.169	$0.203	$0.203

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Based on Census of Agriculture data, cattle inventory remained constant, therefore no growth reflected.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Excise tax data
- U.S. Department of Agriculture, Census of Agriculture

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Ranchers who purchase semen for artificial insemination of livestock
Taxpayer Count:	Approximately 12,000 cattle ranchers
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 and 2018

82.08.0273 - Sales to nonresidents from no or low sales tax states

Description

Nonresidents are exempt from Washington sales tax on tangible personal property purchased for use outside of Washington. The exemption is in the form of a refund for state sales tax (6.5%) only. Qualifying nonresidents must meet either the following criteria:

- They reside in a state, possession, or Canadian province which levies a sales tax of less than 3.0%.
- Their state of residence allows a similar exemption for Washington residents. Currently, no state qualifies under this provision of reciprocity.

In addition:

- A nonresident may apply for a state sales tax refund once in a calendar year for all purchases made during the prior calendar year.
- Applications would be accepted by the department only for refunds of $25 or more.
- Sales receipts, addresses of the places of purchase, and other documentation as required by the department, will need to be submitted with the application.

Purpose

To enable Washington sellers, especially along the Oregon border, to compete with merchants in other states that do not levy a sales tax or levy a sales tax with a low rate.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.690	$0.710	$0.740	$0.760
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.660	$0.740	$0.760
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.

82.08.0273 - Sales to nonresidents from no or low sales tax states

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1965
Primary Beneficiaries:	Qualified nonresidents
Taxpayer Count:	1,820
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2011 and expedited review completed in 2023

82.08.0274; 82.12.0268 - Form lumber

Description

Form lumber used in construction to mold concrete is exempt from sales and use taxes when incorporated into the same project. The exemption applies only to projects done by contractors for other persons. Therefore, form lumber used by "speculative" builders is not exempt under this provision.

Purpose

To exempt the contractor's intervening use as a consumer of form lumber.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.126	$0.131	$0.137	$0.142
Local Taxes	$0.057	$0.059	$0.062	$0.064

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.120	$0.137	$0.142
Local Taxes	$0.000	$0.054	$0.062	$0.064

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- A growth rate using the compound annual growth rate of 4.2%.
- Lumber makes up 50% of formwork materials.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- The Insight Partners, Formwork System Market Forecast to 2028 - COVID-19 Impact and Global Analysis by Offering and Material Used
- Statista, Projected Share of Construction Spending Worldwide by 2020
- Statista, Gross Domestic Product of the United States in 2022
- Macrotrends, North America GDP 1960-2023
- MEVA, "Formwork 101: An Introductory Guide"

82.08.0274; 82.12.0268 - Form lumber

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1965
Primary Beneficiaries:	Contractors and subcontractors who use lumber as forms for concrete
Taxpayer Count:	31,542
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.08.02745; 82.12.02685 - Farm-worker housing

Description

Purchases of goods and services used in constructing, repairing, or improving new or existing structures used as agricultural employee housing are exempt from sales and use taxes. Agricultural employers, governmental entities, nonprofit organizations, or for-profit housing providers may own housing facilities. Agricultural employee housing does not include housing regularly provided on a commercial basis to the general public. The farmworker housing exemption applies to projects when at least 50% of the housing units in the development are used for farmworker housing.

This exemption expires on January 1, 2032.

Purpose

To encourage the construction of housing facilities for agricultural employees.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.019	$2.067	$2.117	$2.167
Local Taxes	$0.584	$0.598	$0.612	$0.627

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.895	$2.117	$2.167
Local Taxes	$0.000	$0.498	$0.612	$0.627

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate reflects the compound annual growth rate of 2.4% based on the exemption data.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Excise tax data

82.08.02745; 82.12.02685 - Farm-worker housing

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1996
Primary Beneficiaries:	Farmers and others who build housing facilities for farm workers
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018 and full review completed in 2020

82.08.0275; 82.12.0269 - Sand and gravel for local road construction

Description

Sales and use taxes do not apply to the cost of labor and services performed in the mining, sorting, and crushing of sand and gravel taken from a pit owned by or leased to a city or county. The city or county must either:

- Place the sand or gravel on a local public street.
- Sell it at cost to another city or county for use on public roads.

Purpose

Reduces the cost of local governments building and maintaining streets and roads.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$3.650	$3.870	$4.100	$4.350
Local Taxes	$1.640	$1.740	$1.850	$1.960

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$3.550	$4.100	$4.350
Local Taxes	$0.000	$1.600	$1.850	$1.960

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate reflects the compound annual growth rate of 6% based on the deduction data.
- Sand and gravel used in local construction represents 7.5% of government contracting as reported by 70% of highway, street, and bridge construction taxpayers.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

82.08.0275; 82.12.0269 - Sand and gravel for local road construction

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1980
Primary Beneficiaries:	Contractors and municipalities that perform road work.
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 with full review completed in 2020

82.08.0277; 82.12.0273 - Pollen

Description

Sales and use of pollen are exempt from the sales and use taxes.

Purpose

To support the agricultural and horticultural industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.615	$0.637	$0.661	$0.685
Local Taxes	$0.178	$0.180	$0.182	$0.184

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.584	$0.661	$0.685
Local Taxes	$0.000	$0.165	$0.182	$0.184

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth is compound annual growth of farm-originated production expenses from U.S. Department of Agriculture 2017 Census report.
- Local revenue estimates use the rural average local sales and use tax rate of 1.879%.
- Specific pollen sales data does not exist.
- Most farmers rent hives to perform pollination.
- Cost to pollinate with purchased pollen is between $100 and $240 per acre.
- Assume 1% of cropland is pollinated with purchased pollen and not bees.

Data Sources

- U.S. Department of Agriculture, 2017 Census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1989
Primary Beneficiaries:	Farmers that buy pollen
Taxpayer Count:	Unknown, approximately 21,000 farms have harvested cropland
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 and 2018

82.08.0278(1); 82.12.0274(1) - Annexation sales

Description

Tangible personal property sold by one political subdivision to another in conjunction with an annexation, incorporation, or merger is exempt from sales and use taxes. Tangible personal property sold by one political subdivision to another in conjunction with a contractual consolidation is exempt from sales and use taxes when the political subdivision that originally paid the sales or use taxes on the tangible personal property continues to benefit from the property after the consolidation.

Purpose

To avoid taxing the non-enterprise activities of local governments.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

Sales of tangible personal property from one taxing district to another as a result of an annexation or incorporation is rare. Because of this, the revenue impact from a repeal is minimal.

Data Sources

Office of Financial Management, Annexation and municipal boundary changes

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1970
Primary Beneficiaries:	Cities, counties, or other local governments that are involved in annexations
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 with an upcoming review in 2025

82.08.0278(2), 82.12.0274(2) - Political subdivision consolidation sales

Description

Tangible personal property sold by one political subdivision to another in conjunction with a contractual consolidation is exempt from sales and use taxes when the political subdivision that originally paid the sales or use taxes on the tangible personal property continues to benefit from the property after the consolidation.

Purpose

To avoid taxing the non-enterprise activities of local governments.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

Sales of tangible personal property from one political subdivision to another as a result of consolidation is rare. Because of this, the revenue impact from a repeal is minimal.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2019
Primary Beneficiaries:	Cities, counties, or other local governments
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review scheduled in 2025

82.08.0279 - Nonresidents' rental vehicles

Description

Renting or leasing motor vehicles and trailers to nonresidents for exclusive use in interstate commerce is exempt from sales tax. Nonresidents with places of business both inside and outside of Washington qualify for the exemption if the vehicle is registered and most frequently dispatched, garaged and serviced at a location outside of Washington. The exemption includes vehicles or trailers registered in a different state and have incidental use to transport persons or property between Washington locations.

Purpose

To relieve lessors of responsibility for collecting sales tax on the in-state use of rental cars, motor vehicles and trailers by a nonresident motor carrier engaged in interstate commerce and to encourage such businesses to rent or lease in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.168	$0.175	$0.181	$0.187
Local Taxes	$0.048	$0.050	$0.052	$0.053

Repeal of exemption

Repealing this exemption would not increase revenues. The motor vehicle leases and rentals would still qualify under the interstate commerce vehicles exemption.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If this exemption is repealed, then the exemption would qualify under the interstate commerce vehicles exemption. Therefore, no revenue impact.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1980
Primary Beneficiaries:	Truck rental businesses and nonresidents
Taxpayer Count:	265
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2011 and 2019

82.08.02795; 82.12.02745 - Free public hospitals

Description

Free hospitals are exempt from sales and use taxes on purchases of items used in the operation of the hospital or the provision of health care services. A free hospital does not charge its patients for health care provided.

Purpose

To reduce the cost of health care services provided by free hospitals to their patients.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1993
Primary Beneficiaries:	Free hospitals
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2021

82.08.02805; 82.12.02747 - Nonprofit blood and tissue banks

Description

Nonprofit blood and tissue banks are exempt from sales and use taxes on purchases of medical supplies, chemicals, and materials. However, the exemption does not extend to construction materials, office equipment and supplies, or vehicles.

Purpose

To support the activities of these entities.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$7.998	$8.183	$8.372	$8.565
Local Taxes	$3.597	$3.680	$3.765	$3.852

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$7.501	$8.372	$8.565
Local Taxes	$0.000	$3.373	$3.765	$3.852

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the industrial production index for medical equipment and supplies growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- Blood Center webpages and Internal Revenue Service form 990 information

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Blood and tissue banks
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2021

82.08.02806; 82.12.02748 - Human body parts

Description

Sales of human blood, tissue, organs, bodies, or body parts are exempt from sales and use taxes when they are used for medical research or quality control testing.

Purpose

To support medical research in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.199	$0.209	$0.218	$0.229
Local Taxes	$0.090	$0.094	$0.098	$0.103

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.191	$0.218	$0.229
Local Taxes	$0.000	$0.086	$0.098	$0.103

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rates are based on an article published by PR Newswire and will be 4.7% through 2026 and 5.3% thereafter.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- PRNewsWire.com, "Blood and Blood Components Global Market to Reach $58.46 Billion by 2031"
- Statista, North America: Gross domestic product of Canada and the United States from 2018 to 2028
- Popular Science, "Oh, the places your blood will go after you donate it"
- U.S. Census, Population estimate data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1996
Primary Beneficiaries:	Medical research organizations
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2013 and 2021

82.08.02807; 82.12.02749 - Organ procurement

Description

Sales of human blood, tissue, organs, bodies, or body parts are exempt from sales and use taxes when they are used for medical research or quality control testing.

Purpose

To support medical research in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2002
Primary Beneficiaries:	Nonprofit organizations that locate and obtain human organs for transplant operations
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2013 and 2021

82.08.0281; 82.12.0275 - Prescription drugs

Description

Drugs prescribed for use by humans, drugs and devices prescribed for birth control, and drugs and devices for birth control that are dispensed by certain family planning clinics are exempt from sales and use taxes, as long as the drugs are prescribed by a physician. In addition, drugs and devices for birth control that are supplied by a family planning clinic that is under contract with the Department of Health to provide family planning services are exempt from sales and use taxes. The exemption is available for all levels of sales and distribution. It is not required that a hospital or physician make a specific charge to the patient for prescription drugs dispensed under a physician's order.

Purpose

To reduce the cost of health care.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$734.700	$762.200	$797.700	$833.000
Local Taxes	$330.400	$342.800	$358.700	$374.600

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$698.600	$797.700	$833.000
Local Taxes	$0.000	$314.200	$358.700	$374.600

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable amount growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Census, Population data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1974
Primary Beneficiaries:	Patients purchasing prescription drugs
Taxpayer Count:	6,000,000
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0282; 82.12.0276 - Returnable containers

Description

Sales and use of returnable food or beverage containers are exempt from sales and use taxes. This includes items such as soft drinks, milk, and beer.

Purpose

Retailer purchases of nonreturnable food and beverage containers are exempt from sales and use taxes because the containers are sold to consumers. This exemption provides comparable treatment for returnable containers that would not otherwise qualify for the resale exemption, since the containers are not technically "sold" to the food or beverage purchaser.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.032	$0.032	$0.033	$0.034
Local Taxes	$0.014	$0.015	$0.015	$0.015

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.030	$0.033	$0.034
Local Taxes	$0.000	$0.013	$0.015	$0.015

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- The annual rate of purchases is 20% of growth of the industry, which is 2.3%.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- The revenue impact is mostly from kegs used by Washington breweries; minimal impact from other containers such as glass milk jars.
- The typical price of a keg is $160.

Data Sources

- National Brewers Association, Brewery data
- Beveragecraft.com, "2023 Keg cost in the USA and Canada"

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1974
Primary Beneficiaries:	Firms that purchase containers for supplying food and beverages to consumers which is returned by the consumer to the vendor
Taxpayer Count:	450
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 with an upcoming review in 2026

82.08.0283; 82.12.0277 - Medical devices, naturopathic medicine, and oxygen

Description

The following health-related products or devices receive an exemption from sales and use taxes:

- Prosthetic devices, including eyeglasses and frames prescribed for individuals by a person licensed by the state to prescribe them.
- Medically prescribed oxygen and oxygen delivery systems.
- Medicine of mineral, animal, or botanical origin prescribed, administered, dispensed, or used in the treatment of an individual by a naturopath.
- Components of prosthetic devices and charges for repairing devices exempted by this statute.

In 2004, exemptions for ostomy items and insulin shifted to other statutes.

Purpose

To reduce the cost of medical care.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$69.000	$71.600	$74.200	$76.800
Local Taxes	$31.000	$32.200	$33.400	$34.600

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$65.600	$74.200	$76.800
Local Taxes	$0.000	$29.500	$33.400	$34.600

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast.
- Joint Legislative Audit and Review Committee

82.08.0283; 82.12.0277 - Medical devices, naturopathic medicine, and oxygen

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1961
Primary Beneficiaries:	Individuals purchasing certain prescribed medical equipment.
Taxpayer Count:	5,800,000
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2013 and an expedited review completed in 2021

82.08.0285; 82.12.0279 - Ferry boat construction and repair

Description

Sales tax does not apply to sales of, or charges made for constructing and improving, ferry boats for the state of Washington or local governments. Use tax does not apply to labor and services rendered to improve such ferry boats.

Purpose

Support state and local governments by reducing the cost of building or repairing ferry boats.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$17.910	$17.910	$17.910	$17.910
Local Taxes	$8.070	$8.070	$8.070	$8.070

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$16.420	$17.910	$17.910
Local Taxes	$0.000	$7.400	$8.070	$8.070

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth rate is assumed, as the data are volatile.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Washington Department of Transportation, Vessel capital investment

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1977
Primary Beneficiaries:	Publicly operated ferry systems
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2012 and an expedited review completed in 2017

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Description

Sales or use of passenger motor vehicles used primarily for ridesharing or transportation of persons with special needs are exempt from sales and use taxes. The vehicles must be used as ride-sharing vehicles for 36 consecutive months beginning from the date of purchase or first use.

To qualify under ride sharing, the vehicle must be carrying three or more passengers and be operated in a county that has adopted and implemented a commute trip reduction plan, or in other counties where the vehicle is registered with or operated by a public transportation agency. Additionally, one of the following must apply:

- Vehicle is operated by a public transportation agency for the general public.
- Vehicle is used by a major employer as an element of its commute trip reduction program.
- Vehicle is owned and operated by individual employees and is registered with either the employer or a public transportation agency.

Notwithstanding the ridership requirements above, unless the vehicle is operated by a public transportation agency, the vehicle must be used for ride sharing in the transport of at least five passengers.

Purpose

To encourage ridesharing for fuel conservation purposes, to help reduce traffic congestion, and to assist in addressing the requirements of the Commute Trip Reduction Act, the Growth Management Act, the Americans with Disabilities Act, and the Clean Air Act.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.587	$0.607	$0.617	$0.613
Local Taxes	$0.252	$0.261	$0.265	$0.264

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.556	$0.617	$0.613
Local Taxes	$0.000	$0.239	$0.265	$0.264

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the U.S. auto sales growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Ride share vehicle dealers and purchasers
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2011 and 2020

82.08.02875 - Football stadium and exhibition center parking

Description

Charges for parking vehicles at facilities owned by a public stadium authority are exempt from sales and use taxes if the authority levies a local parking tax to help finance construction and operation of the football stadium and adjoining exhibition center.

Purpose

To avoid charging parking customers both the local parking tax and sales tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1997
Primary Beneficiaries:	The Public Stadium Authority and users of the parking facility at Lumen Field/Exhibition Center
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2022

82.08.0288; 82.12.0283 - Leased irrigation equipment

Description

Leases of irrigation equipment are exempt from sales and use taxes, if:

- The lessor purchased the equipment to irrigate land they control.
- The lessor paid sales or use tax on the equipment.
- The equipment is attached to the land.
- The equipment is an incidental part of the land lease.
- The equipment is not used in the production of cannabis.

Purpose

Normally, persons who lease tangible personal property pay sales tax to the lessor. However, in this instance, the owner of the land previously paid the sales tax on the equipment. For sales tax to apply at the lessee level, the original acquisition of the equipment by the lessor would be an exempt sale for resale.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.927	$3.040	$3.158	$3.280
Local Taxes	$0.846	$0.879	$0.913	$0.948

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.787	$3.158	$3.280
Local Taxes	$0.000	$0.806	$0.913	$0.948

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate based on compound growth of the last 5 years of farm supplies and repairs expenditures.
- Local revenue estimates use the rural average local tax rate of 1.88%.
- Washington farmers irrigate over 1.8 million acres and 15% of irrigation systems are on leased land.

Data Sources

- U.S. Department of Agriculture, 2017 Census and 2018 Irrigation Survey
- Washington State University, Irrigation in the Pacific Northwest

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1983
Primary Beneficiaries:	Farmers that lease land which includes irrigation equipment
Taxpayer Count:	Unknown but almost 15,000 farms use irrigation
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018

82.08.0291 - Recreation services and physical fitness classes

Description

Recreational, athletic, and fitness activities, equipment provided for those activities, and instructions in those activities provided by nonprofit youth organizations to members of the organization are exempt from sales taxes. Physical fitness classes provided by a local government are also exempt from sales taxes.

Purpose

To support the activities of youth organizations and to clarify that fees for physical fitness classes by local governments are not enterprise income.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.223	$0.231	$0.239	$0.247
Local Taxes	$0.100	$0.104	$0.108	$0.111

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.212	$0.239	$0.247
Local Taxes	$0.000	$0.087	$0.108	$0.111

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit youth organizations and their members; Local governments
Taxpayer Count:	470
Program Inconsistency:	None evident
JLARC Review:	Full review in 2013 with upcoming review in 2026

82.08.02915; 82.12.02915 - Housing for youth in crisis

Description

Nonprofit health or social welfare organizations are exempt from sales and use taxes on purchases of materials used in the new construction of licensed alternative housing facilities for youth in crisis. The exemption does not extend to charges for labor or services associated with the construction of these facilities.

Purpose

To encourage new construction of shelters for youth who have left home.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit organizations that house youth in crisis
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2016 with an upcoming review in 2026

82.08.0293; 82.12.0293 - Food and food ingredients

Description

Food and food ingredients purchased for human consumption are exempt from sales and use taxes. The definition of food and food ingredients excludes alcoholic beverages, tobacco products, cannabis, useable cannabis, and cannabis-infused products.

The exemption does not apply to soft drinks, bottled water, or dietary supplements, and prepared foods, except when furnished, prepared, or served as meals to certain qualified low-income, disabled, or senior citizens.

Purpose

To lessen the regressivity of the sales tax and to reduce the cost of essential items.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1,311.100	$1,325.100	$1,338.100	$1,352.200
Local Taxes	$590.000	$596.000	$602.000	$608.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1,214.900	$1,338.100	$1,352.200
Local Taxes	$0.000	$546.000	$602.000	$608.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Annual growth rate of 3% based on historical exempt food deduction data.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- There will be no change in consumer purchases of food as a result of the increased price from the repealed exemption.

Data Sources

- Department of Revenue, Excise tax data
- Department of Social and Health Services, Basic food program data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1982
Primary Beneficiaries:	Consumers who purchase food products
Taxpayer Count:	7.86 million
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0294; 82.12.0294 - Aquaculture feed

Description

Aquaculture is the process of growing, farming, or cultivating aquatic products in marine or fresh waters. Feed purchased for fish or other aquatic products for sale, raised entirely within confined rearing areas where the person has the present right of possession are exempt from sales and use taxes.

Purpose

To provide equivalent treatment with those who purchase feed for other agricultural livestock. Fish farmers purchasing feed are not subject to sales and use taxes. This recognizes aquaculture and agriculture activities as equivalent in status and treatment.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Annual amount remains constant based on the fluctuation of the deductions reported.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1970
Primary Beneficiaries:	Fish farmers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018

82.08.0296; 82.12.0296 - Livestock feed

Description

Feed consumed by livestock at public livestock markets is exempt from sales and use taxes.

Purpose

Feed sold to farmers is already exempt from the sales and use taxes. This provision extends the exemption to feed consumed by livestock (e.g. cattle) while awaiting sale at a livestock market.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.171	$0.177	$0.182	$0.188
Local Taxes	$0.050	$0.051	$0.053	$0.054

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.162	$0.182	$0.188
Local Taxes	$0.000	$0.430	$0.053	$0.054

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Compound annual growth rate for feed is 3.43%.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.
- Livestock are kept at public markets one day before being sold.

Data Sources

- U.S. Department of Agriculture, Census of agriculture and farm production expenditures annual summaries
- Washington Department of Agriculture, Licensed certified feedlots and public livestock markets

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1980
Primary Beneficiaries:	Operators of public livestock markets
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015

82.08.0297; 82.12.0297 - Food stamp purchases

Description

Items eligible for purchase with food stamps issued by the U.S. Department of Agriculture are exempt from sales and use taxes. This includes products such as soft drinks, vitamins, and cold, prepared deli items not considered as food items for home consumption.

Purpose

Federal law requires states to exempt food stamp purchases from sales tax as a condition of participation in the federal food stamp program.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$154.550	$156.150	$157.750	$159.360
Local Taxes	$69.520	$70.230	$70.950	$71.680

Repeal of exemption

Repealing this exemption would increase revenues. However, the state would have to forego participation in the federal food stamp program.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$143.130	$157.750	$159.360
Local Taxes	$0.000	$64.380	$70.950	$71.680

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Annual growth rate of 3% based on historical exempt food deduction data.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- There will be no change in consumer purchases of food as a result of the increased price from the repealed exemption.

Data Sources

- Department of Revenue, Excise tax data
- Department of Social and Health Services, Basic food program data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1987
Primary Beneficiaries:	Food stamp recipients
Taxpayer Count:	1.3 million
Program Inconsistency:	Yes; the definition of products eligible for sales tax exemption in RCW 82.08.0293 does not exactly correspond with the products which the federal government allows to be purchased with food stamps
JLARC Review:	No review completed

82.08.0298; 82.12.0298 - Commercial fishing boat fuel

Description

Persons regularly engaged in commercial deep-sea fishing operations or in commercial charter boat fishing operations outside of Washington territorial waters are exempt from sales and use taxes on diesel fuel when used for these activities. Regularly engaged means the person has gross income of $5,000 or more annually from these activities.

Purpose

Recognizes that the majority of such fuel is consumed outside of Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.137	$2.155	$2.194	$2.270
Local Taxes	$0.961	$0.969	$0.986	$1.021

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.976	$2.194	$2.270
Local Taxes	$0.000	$0.889	$0.986	$1.021

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the consumer energy price growth rate reflected in the S&P Global Market Intelligence March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- The average price of marine diesel was $4.83 per gallon in 2022.
- Fuel use by commercial fishing and charter vessels remains constant from year to year.

Data Sources

- Department of Revenue, Commercial vessel data
- S&P Global Market Intelligence, March 2023 forecast
- Economic Fisheries Information Network, West Coast and Alaska Marine Fuel Prices 2020-2022

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Commercial fishing and commercial charter fishing operations
Taxpayer Count:	785
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.0299 - Lodging for homeless people

Description

Emergency lodging provided to homeless persons under a shelter voucher program is exempt from sales tax. The exemption applies for a period up to 30 consecutive days per recipient, the voucher must be given by a local government agency or private organization providing emergency food and shelter for homeless persons.

Purpose

To reduce the cost of providing housing services for the homeless.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.075	$0.076	$0.076	$0.077
Local Taxes	$0.082	$0.083	$0.083	$0.084

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.069	$0.076	$0.077
Local Taxes	$0.000	$0.076	$0.083	$0.084

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the population growth rate reflected in the Office of Financial Management November 2022 population forecast.
- The costs of motel vouchers to Compass Health and the Housing Authority of King County are approximately 50% of the total cost of vouchers in Washington.
- The revenue impact to state sales taxes is 4.5% to account for the 2% local lodging tax credited against the state sales tax.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92% plus the 2% local lodging tax credited against the state sales tax.

Data Sources

- Office of Financial Management, November 2022 population forecast
- Compass Health, Emergency Motel Voucher Program
- Housing Authority of King County, Emergency Voucher Program

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1988
Primary Beneficiaries:	The local jurisdictions and nonprofit organizations that purchase the hotel vouchers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012, with upcoming review in 2026

82.08.031; 82.12.031 - Artistic and cultural organizations

Description

Artistic or cultural organizations are exempt from sales and use taxes on purchases of objects acquired for purposes of exhibition or presentation to the general public. These objects include objects of art, objects with cultural value, objects to be used to create art (other than tools), and objects to be used in displaying art and presenting cultural presentations or performances.

Purpose

To support these organizations and the social benefits they provide.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.982	$1.018	$1.054	$1.090
Local Taxes	$0.441	$0.458	$0.474	$0.490

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.933	$1.054	$1.090
Local Taxes	$0.000	$0.420	$0.474	$0.490

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the retail sales taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit art and cultural organizations
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2013

82.08.0311; 82.12.0311 - Horticultural packing materials

Description

Materials and supplies used directly in packing fresh, perishable horticultural products are exempt from sales and use taxes.

Purpose

To support the agricultural industry. The exemption complements the B&O tax deduction for processors of fresh horticultural products.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.492	$0.494	$0.497	$0.500
Local Taxes	$0.142	$0.143	$0.144	$0.144

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.453	$0.497	$0.500
Local Taxes	$0.000	$0.119	$0.144	$0.144

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the real consumer spending forecast growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Cost of packaging materials represents 0.25% of production values.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- U.S. Department of Agriculture, 2017 Census and bulletins
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1988
Primary Beneficiaries:	Fruit and vegetable packers
Taxpayer Count:	70
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018

82.08.0315; 82.12.0315 - Film and video production equipment or services

Description

Rental of production equipment or sale of production services to a motion picture or video production business is exempt from sales and use taxes. Such equipment includes video, electrical, lighting and motion picture equipment.

Purpose

To support the motion picture industry and encourage more films to be produced in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$3.300	$3.300	$3.300	$3.300
Local Taxes	$1.500	$1.500	$1.500	$1.500

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$3.000	$3.300	$3.300
Local Taxes	$0.000	$1.400	$1.500	$1.500

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth is assumed for the estimate, as spending for equipment and services is volatile.
- Cost of production is 37% of gross income.
- Spending for equipment and services is 20% of the cost of production.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Motion picture and video production companies
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2022

82.08.0316; 82.12.0316 - Cigarettes, tribal contracts

Description

Sale or use of cigarettes by an Indian retailer is exempt from sales and use taxes if its tribe has a cigarette tax contract or agreement with the state of Washington.

Purpose

To resolve conflicts over contraband cigarettes; to benefit the state of Washington and tribes; to improve law and order; and to reduce the competitive advantage of tax-free cigarettes. Cigarette contracts between the state of Washington and Indian tribes are intended to provide consistency in the regulation and taxation of cigarettes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$14.200	$14.200	$14.200	$14.200
Local Taxes	$6.400	$6.400	$6.400	$6.400

Repeal of exemption

Repealing this exemption would not increase revenues, as that would violate the contractual agreement.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The state will not impose its cigarette and sales and use taxes on these products, as the tribes are already imposing their own equivalent taxes under the contracts.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	State, local, and tribal governments
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2020

82.08.0317 - Vehicle sales to tribal members

Description

Motor vehicles purchased by a tribe or an enrolled member of a federally recognized tribe are exempt from sales tax.

In order to qualify, the buyer must provide to the seller on of the following:
- The buyer's tribal membership or citizenship card.
- The buyer's certificate of tribal enrollment.
- A letter signed by a tribal official confirming the buyer's tribal membership status.

In addition, the seller must deliver the motor vehicle to the buyer. The seller must document the delivery by completing a declaration form, attesting to the delivery location and the enrollment status of the tribal member. The seller and buyer must sign the form.

Delivery requirements do not apply if the sale is made to the tribe or tribal member in their Indian country.

"Indian country" has the same meaning as provided in 1821 U.S.C. Sec. 1151.

"Tribe" means a federally recognized tribe.

"Tribal member" means an enrolled member of a federally recognized tribe.

Purpose

To clarify the documentation and delivery requirements necessary to support tax exempt sales of motor vehicles to tribes or tribal members in their Indian country.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$9.684	$9.684	$9.684	$9.684
Local Taxes	$5.368	$5.368	$5.368	$5.368

Repeal of exemption

Repealing this exemption would not increase revenues. Enrolled members of Washington tribes are already constitutionally tax exempt.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Enrolled members of Washington tribes are already constitutionally tax exempt. As a result, there is no revenue impact.

82.08.0317 - Vehicle sales to tribal members

Data Sources

Office of Lieutenant Governor, Washington Tribes data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2016
Primary Beneficiaries:	Enrolled tribal members within Washington State
Taxpayer Count:	38,000
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.0318; 82.12.0318 - Sales of vapor products by Indian retailers

Description

Sales and use taxes do not apply to sales of vapor products by Indian retailers during the effective period of a vapor products tax contract or agreement.

Purpose

To recognize that applying sales and use taxes to such sales is prohibited.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues, as that would violate the contractual agreement.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The state will not impose its vapor products tax and sales and use taxes on these products, as the tribes are already imposing their own equivalent taxes under the contracts.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2019
Primary Beneficiaries:	State, local, and tribal governments
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.032; 82.12.032 - Used park-model trailers

Description

The sale, rental, or lease, for more than 30 days of a used park model trailer is exempt from sales and use taxes.

Purpose

To provide consistent tax treatment for used park model trailers and residential real estate.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.340	$0.373	$0.411	$0.451
Local Taxes	$0.153	$0.168	$0.185	$0.203

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.342	$0.411	$0.451
Local Taxes	$0.000	$0.154	$0.185	$0.203

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Annual growth rate of approximately 1% based on the average historical growth for recreational vehicle (RV) shipments in the US.
- Used park-model trailers are travel trailers previously sold at retail with a single axle that have lost their identity as a mobile unit.
- Used park-model trailers make up 1% of used travel trailer sales in Washington.
- Long-term rental activity for used park model trailers is near zero.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- RV Industry Association, RV sales data
- RVs Move America, RV sales data
- University of Michigan, The RV Consumer Study, Richard T. Curtin
- J.D. Power, Depreciation of travel trailers
- U.S. Census Bureau, Household data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2001
Primary Beneficiaries:	Buyers, sellers, and long-term renters of used park model trailers.
Taxpayer Count:	250
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.033; 82.12.033 - Used mobile homes

Description

The sale, rental, or lease, in excess of 30 days of a used mobile home attached to the land, is exempt from sales and use taxes.

Purpose

To provide consistent tax treatment for used mobile homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$78.348	$88.407	$95.837	$104.016
Local Taxes	$35.233	$39.757	$43.098	$46.776

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$81.040	$95.837	$104.016
Local Taxes	$0.000	$36.444	$43.098	$46.776

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate for mobile home sales mirrors the real estate excise tax growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Growth rate for mobile home rentals mirrors the property tax market value growth rates reflected in the Property Tax State Levy Model, March 2023.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Real estate excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- Property Tax State Levy Model, March 2023
- Statista, Manufactured homes rental data
- U.S. Census Bureau, American Community Survey, Washington 2021
- Fannie Mae, Lending criteria

82.08.033; 82.12.033 - Used mobile homes

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1979
Primary Beneficiaries:	Buyers, sellers, and long-term renters of used mobile homes.
Taxpayer Count:	63,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.034; 82.12.034 - Used floating homes

Description

The sale or long-term rental or lease of a used floating home is exempt from sales and use taxes.

Purpose

To provide consistent tax treatment for used floating homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.744	$0.866	$0.947	$1.051
Local Taxes	$0.335	$0.389	$0.426	$0.473

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.794	$0.947	$1.051
Local Taxes	$0.000	$0.357	$0.426	$0.473

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the real estate excise tax growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Rental receipts for long-term rentals are near zero or zero.

Data Sources

- King County Department of Assessments, Floating home data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Buyers, sellers, and long-term renters of used floating homes
Taxpayer Count:	60
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.036; 82.12.038 - Core deposits & tire fees

Description

The value of returnable products such as batteries, starters, and brakes accepted by vendors for recycling or remanufacturing are exempt from sales and use taxes. The $1.00 tire fee is also exempt from sales and use taxes.

Purpose

To discourage the disposal of certain products into landfills.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.700	$0.710	$0.720	$0.730
Local Taxes	$0.310	$0.320	$0.320	$0.330

Repeal of exemption

Repealing this exemption would not increase revenues, as "core deposits or credits" would be exempt from sales and use tax under trade-ins.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No revenue impact from repeal due to core deposits and credits qualifying for exemption from sales and use taxes under trade-ins.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1989
Primary Beneficiaries:	Buyers and sellers of new replacement vehicle tires and businesses accepting core deposits
Taxpayer Count:	1.2 million
Program Inconsistency:	None evident
JLARC Review:	Full review scheduled in 2026

82.08.037; 82.12.037 - Bad debts

Description

Sellers can take a deduction for sales or a credit for use tax previously paid on bad debts. "Bad debts" has the same meaning as defined in the internal revenue code (26 U.S.C. Sec. 166). "Bad debts" does not include:

- Amounts due on property that remains with the seller until fully paid for.
- Debt collection expenses.
- Debts sold or assigned by the seller to third parties without recourse against the seller.
- Repossessed property.

Purpose

To relieve sellers of the requirement of remitting sales or paying use tax on amounts they did not receive.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$8.710	$9.040	$9.350	$9.680
Local Taxes	$3.760	$3.910	$4.040	$4.190

Repeal of exemption

Repealing this deduction/credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$8.290	$9.340	$9.690
Local Taxes	$0.000	$3.580	$4.040	$4.190

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales tax growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

82.08.037; 82.12.037 - Bad debts

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1982
Primary Beneficiaries:	Businesses that collect and remit sales and use taxes
Taxpayer Count:	1,607
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2016

82.08.080 - Vending machine sales

Description

The selling price for calculating the sales taxes on sales of tangible personal property made through a vending machine is 60% of the gross receipts of the total sales made through the machine.

Purpose

To clarify and ease the calculation of sales tax on items sold through a vending machine at a fixed price.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.920	$1.920	$1.920	$1.920
Local Taxes	$0.863	$0.863	$0.863	$0.863

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.760	$1.920	$1.920
Local Taxes	$0.000	$0.719	$0.863	$0.863

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Vending sales will remain constant so no growth.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Operators of vending machines
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2023

82.08.207; 82.12.207 - Standard Financial Information

Description

Qualifying international investment management service companies (IIMS) and their affiliates are exempt from sales and use taxes on the purchase or use of standard financial information. Standard financial information includes, but not limited to, financial market data, bond ratings, credit ratings, and deposit, loan, or mortgage reports.

A buyer may claim a maximum exemption of $15 million in purchases per calendar year. The exemption expires July 1, 2031.

Purpose

To exempt standard financial information purchased by international investment management companies from sales and use taxes to improve industry competitiveness.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	International investment management firms
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.215; 82.12.215 - Nonresident Large Private Airplanes

Description

Sales of large private airplanes to nonresidents are exempt from retail sales and use tax when the airplanes are not required to be registered with the department of transportation under chapter 47.68 RCW. The exemption also applies to charges made for repairing, cleaning, altering, or improving large private airplanes owned by nonresidents. This exemption expires July 1, 2031.

Purpose

To encourage nonresidents to utilize Washington businesses for the purchase, maintenance, and repair of large airplanes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impact less than three taxpayers and any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Nonresident owners of large private airplanes
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Full review scheduled in 2027

82.08.700; 82.12.700 - Boats sold to nonresidents - in-state use permit

Description

A sales and use taxes exemption is provided for sales to a nonresident individual of vessels at least 30 feet in length from a Washington dealer if the purchaser of the vessel purchases and displays a valid use permit. The purchaser must provide proof of their current nonresident status at the time of purchase. Additionally, the purchaser must make an irrevocable election to take the exemption authorized. The use permit issued under this statute is valid for 12 consecutive months from the date of issuance and is not renewable.

Purpose

To increase the time a vessel owned by a nonresident can remain in Washington waters, which encourages purchases of new vessels from Washington dealers and increases tourism in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.729	$0.756	$0.783	$0.811
Local Taxes	$0.328	$0.340	$0.352	$0.365

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.688	$0.783	$0.811
Local Taxes	$0.000	$0.312	$0.352	$0.365

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Nonresident vessel permit data
- Economic and Revenue Forecast Council, March 2023 forecast

82.08.700; 82.12.700 - Boats sold to nonresidents - in-state use permit

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Nonresident boat owners
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.701 Salmon recovery grants

Description	Governmental grants and amounts from Indian tribes received by certain nonprofit organizations for purposes of renewing, restoring, or protecting salmon ecosystems or salmon habitats in Washington are deductible from the gross amount subject to sales tax.
Purpose	To encourage restoration of salmon habitat.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This deduction impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2021
Primary Beneficiaries:	Nonprofit organizations restoring salmon habitat
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Full review scheduled in 2026

82.08.798; 82.12.798 - Feminine hygiene products

Description

Purchases of feminine hygiene products are exempt from sales and use taxes. "Feminine hygiene products" means sanitary napkins, tampons, menstrual cups, or any other similar products sold at retail designed specifically to catch menstrual flow either internally or externally.

Purpose

To provide relief for certain individuals for a product that is fundamental to personal hygiene and health.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.850	$0.881	$0.912	$0.944
Local Taxes	$0.382	$0.396	$0.410	$0.424

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.808	$0.912	$0.944
Local Taxes	$0.000	$0.363	$0.410	$0.424

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2020
Primary Beneficiaries:	People who purchase feminine hygiene products
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.803; 82.12.803 - Nebulizers

Description

A nebulizer is a device that converts a liquid medication into a mist the patient inhales. Nebulizers prescribed for human use by a physician are exempt from sales and use taxes. The exemption includes repair and replacement parts for nebulizers, as well as labor and service charges for cleaning, repairing, etc. Sellers must collect the sales tax, and the buyer must apply to the department for a refund.

Purpose

Reduces the cost of nebulizers.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.479	$0.497	$0.515	$0.533
Local Taxes	$0.215	$0.224	$0.232	$0.240

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.456	$0.515	$0.533
Local Taxes	$0.000	$0.205	$0.232	$0.240

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Census, Population data
- Grandview Research, "Nebulizer market size, Share & Growth Analysis Report, 2030."

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1981
Primary Beneficiaries:	Persons who use prescribed nebulizers
Taxpayer Count:	430,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2021

82.08.804; 82.12.804 - Ostomic items

Description

Ostomic items used by colostomy, ileostomy or urostomy patients are exempt from sales and use taxes. Ostomic items refer to disposable medical supplies such as bags, belts, tape, tubes, soap, jellies, germicides, etc. The exemption does not extend to undergarments, pads or shields, sponges, or rubber sheets.

Purpose

Reduces the cost of ostomic items.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.382	$1.432	$1.482	$1.542
Local Taxes	$0.620	$0.650	$0.670	$0.690

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.312	$1.482	$1.542
Local Taxes	$0.000	$0.590	$0.670	$0.690

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Health Care Authority, Ostomy and drug delivery items expenditures
- U.S. Census, Population data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1988
Primary Beneficiaries:	Consumers of ostomic items
Taxpayer Count:	15,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2013 and 2021

82.08.805; 82.12.805 - Aluminum smelter purchases

Description

Aluminum smelter businesses may qualify for a credit of the state portion of sales and use taxes paid for tangible personal property that will be incorporated as an ingredient or component of buildings or structures at an aluminum smelter and for labor and services rendered with respect to the construction of such buildings or structures. The credit may not be claimed for taxable events occurring on or after January 1, 2027.

A business claiming this B&O tax credit must file an annual tax performance report with the department.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this credit. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Aluminum smelters
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2015 with an upcoming review in 2024

82.08.806; 82.12.806 - Computer equipment for printers and publishers

Description

Purchases of computer equipment and software, including digital cameras, used primarily in the printing and publishing of all printed materials, are exempt from sales and use taxes. Charges for installation and other related services are also exempt. However, computers and software used primarily for administrative purposes are not exempt.

Purpose

To provide a tax incentive for the printing and publishing industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Printing industry is declining. Annual 3.6% growth rate based on IBIS World 2022 analysis of the printing industry.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- IBIS World, Printing industry analysis
- Smithers.com, "Printing industry shrinks nearly 15% to 2022."
- U.S. Census Bureau, "Internet Crushes Traditional Media: From Print to Digital."

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Newspapers and other printers and publishers
Taxpayer Count:	265
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2016

82.08.807; 82.12.807 - Direct mail delivery charges

Description

Delivery charges made for direct mail are exempt from sales and use taxes if the charges are stated separately on the bill given to the purchaser. Direct mail refers to printed material delivered without charge to a mass group, or a mailing list provided by the purchaser.

Purpose

To exempt from delivery charges (postage) for direct mail from taxation.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.390	$0.400	$0.420	$0.430
Local Taxes	$0.170	$0.180	$0.190	$0.190

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.370	$0.420	$0.430
Local Taxes	$0.000	$0.166	$0.190	$0.190

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales tax growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Direct mailers paying for delivery
Taxpayer Count:	12
Program Inconsistency:	None evident
JLARC Review:	Full review scheduled in 2026

82.08.808; 82.12.808 - Comprehensive cancer centers

Description

Sales of medical supplies, chemicals, or materials to a comprehensive cancer center are exempt from retail sales and use taxes. The exemption does not extend to the sale of construction materials, office equipment, building equipment, administrative supplies, or vehicles.

Purpose

To encourage cancer research by a comprehensive cancer center.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Financial statement of the business

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Comprehensive cancer centers
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2013 and 2021

82.08.810; 82.12.810 - Air pollution control facilities

Description

Sales of tangible personal property and charges for labor and services performed in respect to the construction or installation of air pollution control facilities at a thermal electric generating facility placed in operation after December 31, 1969, and before July 1, 1975, are exempt from sales and use taxes. The exemption is contingent upon production levels for the plant being maintained above the 20% annual capacity factor between 2003 and 2022. All or a portion of the tax previously exempted must be repaid if production falls below this level.

Purpose

To encourage the construction or installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would not increase revenues due to Centralia plant closing by end of 2025.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Thermal electric generating facility
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2017

82.08.811; 82.12.811 - Coal for thermal generating plants

Description

Purchases of coal used at a thermal electric generating facility placed in operation after December 3, 1969, and before July 1, 1975, are exempt from sales and use taxes. The exemption is contingent upon the following:

- Owners of the plant demonstrate to the Department of Ecology that progress is being made to install the necessary air pollution control devices.
- The facility has emitted no more than 10,000 tons of sulfur dioxide during the previous 12 months.

Purpose

To encourage installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would not increase revenues due to Centralia plant closing by end of 2025.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	The Centralia thermal generating plant
Taxpayer Count:	Fewer than three
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2017

82.08.814, 82.12.814 - Mobility enhancing equipment

Description

The sale or use of mobility enhancing equipment used by or for a complex needs patient is exempt from sales and use taxes. The equipment must meet the user's specific and unique medical, physical, and functional needs and capacities for basic activities when medically necessary to prevent hospitalization or institutionalization.

To claim the exemption, the buyer must provide the seller with an exemption certificate.

"Complex needs patient" means an individual with a diagnosis or medical condition that results in significant physical or functional needs and capacities.

Purpose

To reduce the cost of complex needs mobility enhancing equipment for individuals.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.251	$0.304	$0.316	$0.327
Local Taxes	$0.113	$0.137	$0.142	$0.147

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.278	$0.316	$0.327
Local Taxes	$0.000	$0.125	$0.142	$0.147

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Centers for Medicare and Medicaid Services, Medical enrollment data
- Office of the Insurance Commissioner, Medical enrollment data
- Healthcare Authority, Complex rehabilitation technology expenditures

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2023
Primary Beneficiaries:	Individuals using mobility enhancing equipment
Taxpayer Count:	390,000
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.816(1)(a-d); 82.12.816(1)(a-c) - Electric vehicle battery charging stations

Description

The law provides an exemption of sales and use taxes on sales of batteries, fuel cells and infrastructure for electric or hydrogen vehicles. The exemption is available on the sale of, or charge made for:

- Batteries and fuel cells for electric and hydrogen vehicles.
- Labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries or fuel cells for hydrogen vehicles.
- Labor and services rendered in respect to installing, constructing, repairing, or improving electric and hydrogen vehicle infrastructure.
- Tangible personal property that will become a component of electric or hydrogen vehicle infrastructure during the course of installing, constructing, repairing, or improving electric or hydrogen vehicle infrastructure.

This exemption also includes hydrogen fueling stations, green electrolytic hydrogen production facilities, and renewable hydrogen production facilities.

These exemptions expire July 1, 2025.

Purpose

To encourage the use of battery and hydrogen electric vehicles through the sale of electric vehicle batteries and fuel cells, as well as the installation of electric and hydrogen vehicle infrastructure.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.780	$1.010	$1.380	$1.630
Local Taxes	$0.350	$0.460	$0.620	$0.730

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.930	$1.380	$1.630
Local Taxes	$0.000	$0.420	$0.620	$0.730

82.08.816(1)(a-d); 82.12.816(1)(a-c) - Electric vehicle battery charging stations

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the battery electric and plug-in hybrid vehicle growth rate reflected in the Transportation Revenue Forecast's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- Douglas County Public Utility District (PUD) broke ground on the only known green/renewable hydrogen production facility in Washington in March 2021.
- Douglas County PUD anticipates green/renewable hydrogen production beginning June 2024.
- Department of Energy published the Hydrogen Fueling Station Cost Report in November 2020. Based on the report, the average cost for a hydrogen fueling station is $1.9 million.
- California Air Resources Board published the 2018 Annual Evaluation of Fuel Cell Electric Vehicle Deployment & Hydrogen Fuel Station Network Development. As of 3/26/19, California has 39 fueling stations with an addition 25 more in development. In 2015, five fueling stations were opened. This number jumped to 19 additional stations built in 2016. There are currently two hydrogen fueling stations planned in Washington. Based on California's implementation, Washington will continue installing at least one hydrogen fueling station a year to build up the infrastructure.

Data Sources

- Department of Revenue, Excise tax data
- Office of Financial Management, March 2023 Transportation Revenue Forecast
- Taylor, J., (2023, February 16). "Douglas PUD Takes Another Stride Towards Hydrogen Plant."
- Department of Energy, (2020, November 2). "Hydrogen Fueling Station Cost."
- California Fuel Cell Partnership, Hydrogen fueling station list
- Rosane, E., (2021, May 5). "Chehalis Will Be Home of State's First Hydrogen Refueling Station."

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Owners of electric or hydrogen vehicles
Taxpayer Count:	32
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2017 with an upcoming review in 2024

82.08.816(1)(e), 82.12.816(1)(d) - Zero emissions buses

Description

Zero emission buses are exempt from sales and use taxes. Zero emission bus means a bus that emits no exhaust gas from the onboard source of power, other than water vapor.

This exemption expires July 1, 2025.

Purpose

To encourage the sale of zero emission buses.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.640	$2.780	$2.940	$11.590
Local Taxes	$1.130	$1.200	$1.260	$4.980

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.550	$2.940	$11.590
Local Taxes	$0.000	$1.100	$1.260	$4.980

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- The demand for electric buses will grow 5.5% annually due to government initiatives and grants to purchase renewable energy buses.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- King County Metro plans on purchasing 120 electric buses in 2024, 250 in 2027, and operating a 100% zero-emissions fleet in 2035.
- Other transit agencies will be upgrading their fleets with electric buses as funding allows, but at a slower pace than King County Metro.

Data Sources

- Department of Revenue, Excise tax data
- Mordor Intelligence, "North America Electric Bus Market- Size, Share, COVID-19 Impact and Forecasts up to 2028 report."
- Department of Ecology, (2019, June 12). "50 Electric Buses Coming to Washington Transit Agencies."
- - King County Metro, (2022, April 8). "Transitioning to a Zero-emissions Fleet."

82.08.816(1)(e), 82.12.816(1)(d) - Zero emissions buses

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Businesses purchasing zero emission buses
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	Expedited review scheduled in 2024

82.08.820; 82.12.820 - Warehouses and grain elevators more than 200,000 square feet

Description

Certain warehouses and grain elevators are eligible for an exemption in the form of a remittance of the state sales and use taxes paid on purchases of machinery and on materials and labor for construction of these facilities. The remittance does not include local sales and use taxes.

Warehouses more than 200,000 square feet in size receive an exemption equal to:
- 100% of the state sales and use taxes paid on construction.
- 50% of the state sales and use taxes paid on equipment, including materials handling and racking equipment, as well as labor and services rendered in respect to installing, repairing, cleaning, altering, or improving such equipment.

Grain elevators receive an exemption of state sales and use taxes paid based on capacity of the facility:
- 50% exemption with bushel capacity of one million, but less than two million.
- 100% exemption with bushel capacity of two million or more.

Purpose

To encourage construction of warehouses and grain elevators in Washington and to increase the competitiveness of the warehouse and distribution industry in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$8.700	$8.700	$8.700	$8.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$8.000	$8.700	$8.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth assumed, as reimbursements from this program have been volatile.

Data Sources

- Department of Revenue, Excise tax data

82.08.820; 82.12.820 - Warehouses and grain elevators more than 200,000 square feet

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Warehousers, distribution centers, and grain elevators
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2015 and expedited review completed in 2018

82.08.830 - Nonprofit camps and conference centers

Description

Items sold by nonprofit organizations at camps or conference centers are exempt from sales tax if:

- The sale takes place on property exempt from the property tax.
- The income from the sale is exempt from B&O tax.

The exemption applies to lodging, parking, food and meals, books, tapes, and other products available only to participants of the camp or conference center event and not to the general public.

Purpose

To reduce the cost of operating camps and conference centers and to support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.410	$0.433	$0.478	$0.517
Local Taxes	$0.184	$0.199	$0.215	$0.232

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.406	$0.478	$0.517
Local Taxes	$0.000	$0.183	$0.215	$0.232

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Camps generated $26 billion in revenue nationally in 2021.
- Nonprofit organizations receiving a property tax exemption in Washington own and operate 2% of nationwide camps.
- Camp revenues grow 8% annually and store sales represent 1% of the revenue.

Data Sources

- Department of Revenue, Property tax data
- American Camp Association, Nationwide camp statistics
- Zippia, "26 Incredible Nonprofit Statistics [2023]: How Many Nonprofits Are In The U.S.?" May 2023

82.08.830 - Nonprofit camps and conference centers

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1997
Primary Beneficiaries:	Participants at nonprofit camps and conferences
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014

82.08.832; 82.12.832 - Gun safes

Description

Sales and use taxes do not apply to the sale of gun safes. Gun safes are locked enclosures specifically designed to store firearms. The deduction does not include trigger lock devices.

Purpose

To encourage the purchase and use of gun safes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.831	$0.871	$0.901	$0.931
Local Taxes	$0.380	$0.390	$0.400	$0.420

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.791	$0.901	$0.931
Local Taxes	$0.000	$0.360	$0.400	$0.420

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise Tax Return data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1998
Primary Beneficiaries:	Purchasers of safes
Taxpayer Count:	70
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2020

82.08.834; 82.12.834 - Regional Transit Authority Sales and Leasebacks

Description

Lease payments or options to purchase at the conclusion of a lease in conjunction with a sale and leaseback arrangement involving a regional transportation authority (RTA) are exempt from retail sales and use taxes. Qualification requires that the seller/lessee previously paid any tax otherwise due on the original acquisition of the tangible personal property.

Purpose

A sale and leaseback arrangement is a financing mechanism used by the RTA to acquire trains, buses, and transportation facilities. This exemption provides tax relief to the RTA.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	Regional transit authority
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2020

82.08.850; 82.12.850 - Conifer seedlings exported

Description

Sales of conifer seeds immediately placed in freezer storage operated by the seller are exempt from sales and use taxes. The conifer seeds must be used for growing timber outside of Washington, or in Indian country by an Indian tribe.

Purpose

To eliminate the tax disadvantage for Washington conifer seed producers compared with out-of-state producers.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

- This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

- Department of Revenue, Excise tax data
- Forest Seedling Network

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	A small number of Washington vendors of forest seedlings
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2015 and 2018

82.08.855; 82.12.855 - Farm machinery replacement parts and repair

Description

Replacement parts, including, installation or repair, for farm machinery primarily used in the production of agricultural products are exempt from sales and use taxes. The exemption is available to farmers actively engaged in producing agricultural products which resulted in at least $10,000 in gross proceeds in the previous year. Replacement parts do not include consumable supplies such as fuel or oil.

Purpose

Supports the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$22.545	$23.424	$24.337	$25.287
Local Taxes	$6.517	$6.771	$7.035	$7.310

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$21.472	$24.337	$25.287
Local Taxes	$0.000	$4.840	$7.035	$7.310

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate based on compound growth of the last 5 years of farm supplies and repairs expenditures.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.
- Two-thirds of farm supplies and repairs expenditures are for machinery parts and repair.

Data Sources

- U.S. Department of Agriculture, Farm production expenditures summaries
- Joint Legislative Audit and Review Committee references

82.08.855; 82.12.855 - Farm machinery replacement parts and repair

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2004
Primary Beneficiaries:	Farmers
Taxpayer Count:	14,700 farmers
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2018

82.08.865; 82.12.865 - Fuel used on farms

Description

Diesel fuel, biodiesel fuel and aircraft fuel sold to a farmer or a person who provides horticulture services for farmers are exempt from sales and use taxes. The fuel may not be used on public highways or for heating of water or space for human habitation.

Purpose

Supports Washington farmers and those who use aircraft on their farms for crop dusting.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$36.493	$39.881	$41.861	$43.940
Local Taxes	$10.550	$11.529	$12.102	$12.703

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$36.559	$41.861	$43.940
Local Taxes	$0.000	$9.610	$12.102	$12.703

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Average growth rate over the last 10 years for fuel consumption by farmers is 5%.
- Price of Washington retail diesel price mirrors the Office of Financial Management forecast.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Excise tax data
- Office of Financial Management, Quarterly fuel prices 2023 forecast
- Joint Legislative Audit & Review Committee references
- U.S. Energy Information Administration, Washington No. 2 diesel sales/deliveries to farm consumers

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Washington farms or crop dusters that power their farm equipment or aircraft with diesel.
Taxpayer Count:	800
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2015 and expedited review completed in 2018

82.08.870; 82.12.845 - Motorcycles used for rider training programs

Description

Sales tax does not apply to sales of motorcycles purchased for use in a motorcycle rider-training program conducted by the Department of Licensing (DOL). Use tax does not apply to motorcycles loaned to DOL or people contracting with DOL for use in a motorcycle rider-training program.

Purpose

Supports motorcycle rider-training programs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the taxable sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.
- One motorcycle purchased by each motorcycle rider-training school each year.
- Average cost of motorcycles purchased by motorcycle rider-training school is $4,000.

Data Sources

- Department of Licensing, Motorcycle training school data
- Economic and Revenue Forecast Council, March 2023 forecast
- J.D. Power, Motorcycle cost data

82.08.870; 82.12.845 - Motorcycles used for rider training programs

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	Department of Licensing and their contractors who provide motorcycle training
Taxpayer Count:	9
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2019

82.08.875; 82.12.875 - Automotive adaptive equipment

Description

Eligible purchasers of prescribed add-on automotive adaptive equipment, including charges incurred for labor and services rendered in respect to the installation and repairing of such equipment are exempt from sales and use taxes.

Eligible purchaser means a veteran, or member of the armed forces serving on active duty, who is disabled, regardless of whether the disability is service connected as defined by federal statute 38 U.S.C. Sec. 101, as amended, as of January 1, 2018.

The exemption only applies if the eligible purchaser receives a reimbursement in whole or part for the purchase by the U.S. Department of Veterans Affairs or another federal agency. The federal agency pays the reimbursement directly to the seller. This exemption expires July 1, 2028.

Purpose

To decrease the costs of prescribed add-on automotive adaptive equipment to veterans.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.230	$0.230	$0.230	$0.230
Local Taxes	$0.100	$0.100	$0.100	$0.100

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.210	$0.230	$0.230
Local Taxes	$0.000	$0.095	$0.100	$0.100

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Impact remains the same due to cyclical use.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data.

82.08.875; 82.12.875 - Automotive adaptive equipment

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Purchasers of prescribed add-on automotive adaptive equipment
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2017

82.08.880; 82.12.880 - Livestock medicine

Description

Pharmaceuticals used by farmers for livestock are exempt from sales and use taxes. The U.S. Department of Agriculture (USDA) or the Food and Drug Administration (FDA) must approve the drug. The exemption applies to sales made directly to farmers or to veterinarians who in turn administer the medicine to livestock.

Purpose

Supports the agricultural industry by offsetting the high cost of medicine for livestock.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.158	$0.158	$0.158	$0.158
Local Taxes	$0.046	$0.046	$0.046	$0.046

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.145	$0.158	$0.158
Local Taxes	$0.000	$0.042	$0.046	$0.046

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth due to fluctuations in sales volumes of livestock pharmaceuticals occurring over time in response to various factors including changing animal health needs or changes in animal populations.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- U.S. Department of Agriculture, Washington farm data
- U.S. Food & Drug Administration, Food-producing animals data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Farmers and veterinarians purchasing pharmaceuticals for animals raised to produce agricultural products for sale
Taxpayer Count:	16,000
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2018

82.08.890; 82.12.890 - Livestock nutrient management

Description

Equipment used for livestock nutrient management, including the maintenance and repair of equipment, as well as the installation in a facility, are exempt from sales and use taxes. The exemption applies to purchases made after the management plan is certified. The facilities and equipment must be used exclusively for the handling and treatment of livestock manure, including repair and replacement parts for such equipment.

Purpose

To support the Washington dairy industry and livestock feeding operations.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.218	$0.218	$0.218	$0.218
Local Taxes	$0.063	$0.063	$0.063	$0.063

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.200	$0.218	$0.218
Local Taxes	$0.000	$0.053	$0.063	$0.063

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth due to varying purchases by a fairly stable dairy industry.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Excise tax data
- Joint Legislative and Audit Review Committee references

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1997
Primary Beneficiaries:	Dairies and livestock operations
Taxpayer Count:	Around 300 Dairies
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2020

82.08.900(1)(a); 82.12.900(1) - Biogas from a landfill processing equipment

Description

Persons purchasing equipment necessary to process biogas from a landfill into marketable coproducts, including but not limited to biogas conditioning, compression, and electrical generation equipment, or to services rendered in respect to installing, constructing, repairing, cleaning, altering, or improving equipment necessary to process biogas from a landfill into marketable coproducts are exempt from retail sales and use tax.

A person claiming this exemption must keep records necessary for the department to verify eligibility and provide an exemption certificate to the seller.

Purpose

To support landfills in order to stimulate investment in biogas capture and conditioning, compression, nutrient recovery, and use of renewable natural gas for heating, electricity generation, and transportation fuel.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.149	$0.149	$0.149	$0.149
Local Taxes	$0.047	$0.047	$0.047	$0.047

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.137	$0.149	$0.149
Local Taxes	$0.000	$0.043	$0.047	$0.047

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth is assumed as no new projects to process biogas from a landfill are going to be operational within the estimate period.
- Annual operation and maintenance costs of equipment for compression and treatment of gas to remove non-methane trace compounds is $90 per cubic feet per minute of capacity.
- Annual operation and maintenance costs of engines and turbines used to generate electricity is $180 per kilowatt hour generated.
- Local revenue estimates use the average local sales and use tax rate for Benton, King, Klickitat, and Pierce Counties.

Data Sources

- U.S. Environmental Protection Agency, Landfill methane outreach program
- Environmental and Energy Study Institute, Landfill methane fact sheet

82.08.900(1)(a); 82.12.900(1) - Biogas from a landfill processing equipment

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2018
Primary Beneficiaries:	Landfill owners
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Upcoming review in 2026

82.08.900(1)(b); 82.12.900(2) - Anaerobic digesters for dairies

Description

Persons establishing or operating anaerobic digesters are exempt from sales and use taxes on certain purchases, including labor charges. The exemption covers installation, construction, repairs, cleaning, altering or improvements to an anaerobic digester and the equipment necessary to process the biogas into marketable coproducts.

A person claiming this exemption must keep records necessary for the department to verify eligibility and provide an exemption certificate to the seller.

Purpose

To support anaerobic digesters in order to stimulate investment in biogas capture and conditioning, compression, nutrient recovery, and use of renewable natural gas for heating, electricity generation, and transportation fuel.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.306	$0.306	$0.306	$0.306
Local Taxes	$0.088	$0.088	$0.088	$0.088

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.281	$0.306	$0.306
Local Taxes	$0.000	$0.073	$0.088	$0.088

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- No growth due to small number of digesters.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Excise tax data
- Joint Legislative Audit and Review Committee references

82.08.900(1)(b); 82.12.900(2) - Anaerobic digesters for dairies

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Washington dairies
Taxpayer Count:	Around 10 dairy digesters
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2020

82.08.910; 82.12.910 - Gas used to heat chicken houses

Description

Poultry farmers are exempt from the sales and use taxes on the purchases of propane or natural gas used to heat structures that house chickens. The propane or natural gas must exclusively heat structures that exclusively house chickens sold as agricultural products.

Purpose

To support the poultry industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.950	$1.990	$2.040	$2.080
Local Taxes	$0.560	$0.580	$0.590	$0.600

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.824	$2.040	$2.080
Local Taxes	$0.000	$0.483	$0.590	$0.600

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Annual growth of 6% based on historical values of egg production.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- U.S. Department of Agriculture, Boiler production and 2022 Washington Annual Statistical Bulletin
- Joint Legislative Audit and Review Committee references

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Poultry producers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2015 and expedited review completed in 2018

82.08.920; 82.12.920 - Chicken bedding materials

Description

Farmers who raise chickens for sale as agricultural products are exempt from the sales and use taxes on purchases of chicken bedding materials. Qualifying bedding materials accumulate and facilitate the removal of chicken manure.

Purpose

This exemption supports the poultry industry.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.480	$0.490	$0.510	$0.520
Local Taxes	$0.140	$0.140	$0.150	$0.150

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.449	$0.510	$0.520
Local Taxes	$0.000	$0.117	$0.150	$0.150

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Specific data for farmer purchases of bedding materials for chicken houses is not available. Therefore, used egg and boiler production to calculate cost of bedding as a percent of total.
- Annual growth of 6% based on historical values of egg production.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- U.S. Department of Agriculture, Boiler production and 2022 Washington Annual Statistical Bulletin
- National Agricultural Statistics Service, Agriculture bulletins

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Chicken producers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2015 and expedited review completed in 2018

82.08.925; 82.12.925 - Dietary supplements

Description

Dietary supplements for human use, dispensed to patients pursuant to a prescription, are exempt from sales and use taxes.

Purpose

To lessen the cost of prescribed dietary supplements.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$11.880	$12.320	$12.760	$13.200
Local Taxes	$5.340	$5.540	$5.740	$5.940

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$11.300	$12.760	$13.200
Local Taxes	$0.000	$5.080	$5.740	$5.940

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales tax growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- 10% of the dietary supplements purchased are prescribed.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Nutrition Business Journal, 2015 Supplement Business Report
- U.S. Census, Population data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons who take dietary supplements
Taxpayer Count:	3.9 million
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2021

82.08.935; 82.12.935 - Drug delivery systems

Description

Disposable devices used to deliver drugs for human use are exempt from sales and use taxes. This includes single use items such as syringes, tubing, and catheters.

Purpose

To reduce the cost of single use drug delivery systems.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.534	$2.624	$2.724	$2.815
Local Taxes	$1.140	$1.180	$1.220	$1.270

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.404	$2.724	$2.815
Local Taxes	$0.000	$1.080	$1.220	$1.270

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- One fourth of the population uses some type of drug delivery system each year.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Health Care Authority, Ostomy and drug delivery items expenditures
- U.S. Census, Population data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons using disposable devices used to deliver drugs.
Taxpayer Count:	1.9 million
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2013 and 2021

82.08.940; 82.12.940 - Over-the-counter drugs that sold by prescription

Description

Over-the-counter drugs for human use are exempt from sales and use taxes if they are either:

- Prescribed directly for patients.
- Purchased by hospitals or other medical facilities and prescribed to patients.

Purpose

Reduces the cost of over-the-counter drugs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$41.740	$42.130	$42.560	$42.980
Local Taxes	$18.770	$18.950	$19.140	$19.330

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$38.620	$42.560	$42.980
Local Taxes	$0.000	$17.370	$19.140	$19.330

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the population growth rate reflected in the Office of Financial Management's November 2022 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.
- Over-the-counter drugs sold by prescription represent 5% of the prescription drug exemption amounts.

Data Sources

- Department of Revenue, Excise tax data
- Office of Financial Management, Forecasting and Research Division, November 2022 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2013
Primary Beneficiaries:	Persons using prescribed over-the-counter drugs
Taxpayer Count:	1,900
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.945; 82.12.945 - Kidney dialysis equipment

Description

Kidney dialysis devices for human use are exempt from sales and use taxes. The exemption includes repair and replacement parts for the equipment.

Purpose

To reduce the cost of dialysis equipment.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$7.980	$8.280	$8.580	$8.880
Local Taxes	$3.590	$3.730	$3.860	$4.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$7.590	$8.580	$8.880
Local Taxes	$0.000	$3.410	$3.860	$4.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Fact.MR, "Kidney Dialysis Equipment and Supplies Market Outlook (2022-2026)"
- U.S. Census, Population data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2001
Primary Beneficiaries:	Hospitals and clinics that purchase kidney dialysis equipment
Taxpayer Count:	11,000
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2013 and expedited review completed in 2021

82.08.950; 82.12.950 - Electricity and steam

Description

This statute specifically exempts electricity and steam from sales and use taxes.

Note: This exemption does not change the taxability of electricity and steam. The definition of tangible personal property subject to Washington sales and use taxes exclude the sale of electricity and steam. The exemption was necessary to bring Washington sales tax law into conformity with the Streamline Sales and Use Tax Agreement.

Purpose

For consistency with the Streamlined Sales and Use Tax Agreement.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This statute is necessary for definitional purposes only.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2003
Primary Beneficiaries:	Purchasers of electricity and steam
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.08.956; 82.12.956 - Hog fuel used to produce energy

Description

The law provides sales and use taxes exemptions on purchases of hog fuel used to produce electricity, steam, heat, or biofuel.

Buyers must provide the seller with an exemption certificate as well as complete an annual tax performance report for each facility owned or operated in Washington.

The exemption and annual reporting requirement expire June 30, 2034.

Purpose

To promote diversified renewable energy use.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.993	$1.973	$1.943	$1.923
Local Taxes	$0.580	$0.570	$0.560	$0.560

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.653	$1.943	$1.923
Local Taxes	$0.000	$0.520	$0.560	$0.560

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Hog fuel exemption future growth declines 1.2% annually, based on the annual tax savings reported the past seven years.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Annual tax performance reports

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Forest products industry
Taxpayer Count:	12
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2019

82.08.962(1)(c)(i)(A),(ii),(iii); 82.12.962(1)(c)(i)(A),(ii),(iii) - Renewable energy equipment capable of generating not less than 1,000 watts of electricity

Description

A sales and use taxes exemption is available for machinery and equipment used directly in generating electricity from wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power. To qualify for the exemption, the purchaser must use the machinery and equipment to develop a facility capable of generating at least 1,000 watts of electricity. The exemption also includes sales or charges made for installation labor and services of qualifying machinery and equipment.

From July 1, 2009, through June 30, 2011, qualifying purchases were eligible for a 100% exemption.

From July 1, 2011, through December 31, 2019, qualifying purchases were eligible for a 75% exemption in the form of a refund to the purchaser.

From October 1, 2017, through December 31, 2019, the exemption did not apply to sales of solar energy systems, unless the system was capable of generating more than 500 kW of electricity.

Beginning January 1, 2020, the exemption changed to the following:
- 50% of state and local sales and use taxes paid if the Department of Labor and Industries (LNI) certifies the project included procurement from and contracts with women, minority, or veteran-owned businesses. The project will still qualify for 50% exemption if the developer supports they made a good faith effort to meet the standards. This exemption includes solar energy systems capable of generating more than 100 kilowatts but less than 500 kilowatts of electricity.
- 75% of state and local sales and use taxes paid if the LNI certifies the project meets the standards stated at the 50% level as well as compensates workers at prevailing wage rates determined by local collective bargaining determined by the LNI.
- 100% of the state and local sales and use taxes paid if the LNI certifies the project is developed under a community workforce agreement or project labor agreement.

The installation of the qualifying machinery and equipment must commence after January 1, 2020, and be completed no later than December 31, 2029. The exemption expires January 1, 2030.

Purpose

To support production of renewable energy sources.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.210	$0.228	$0.249	$0.271
Local Taxes	$0.094	$0.103	$0.112	$0.122

82.08.962(1)(c)(i)(A),(ii),(iii); 82.12.962(1)(c)(i)(A),(ii),(iii) - Renewable energy equipment capable of generating not less than 1,000 watts of electricity

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.209	$0.249	$0.271
Local Taxes	$0.000	$0.094	$0.112	$0.122

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate is 9% for renewable energy markets that qualify for remittance.
- Renewable energy includes energy from wind, biomass, geothermal, and conversion of exhausts.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%

Data Sources

- Department of Revenue, Remittance data
- Department of Commerce, Fuel sources data
- Globenewswire.com, Renewable energy growth

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of renewable energy equipment
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2011

82.08.962(1)(c)(i)(B); 82.12.962(1)(c)(i)(B) - Solar energy equipment capable of generating more than 100 kilowatts AC but no more than 500 kilowatts AC of electricity

Description

Beginning with projects installed after January 1, 2020, solar energy systems capable of generating more than 100 kilowatts (kW) but no more than 500 kW of electricity are eligible for an exemption in the form of a remittance of the state and local sales and use taxes paid on purchases of machinery and equipment used directly to generate electricity, and labor and services rendered to install such machinery and equipment.

The Department of Labor and Industries must certify the project has met certain wage and labor requirements. The purchaser must provide the following documentation to the department as part of the application to qualify for the remittance:

- A copy of the contractor's certificate of registration.
- The contractor's current state unified business identifier number.
- A copy of the contractor's required proof of industrial insurance coverage for the contractor's employees working in Washington; employment security department number; and a state excise tax registration number.
- Documentation of the contractor's history of compliance with federal and state wage and hour laws and regulations.

Installation of qualifying machinery and equipment must be completed before January 1, 2030, to qualify for the remittance.

Purpose

To support production of renewable energy sources.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.010	$0.011	$0.012	$0.013
Local Taxes	$0.005	$0.005	$0.005	$0.006

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.010	$0.012	$0.013
Local Taxes	$0.000	$0.005	$0.005	$0.006

82.08.962(1)(c)(i)(B); 82.12.962(1)(c)(i)(B) - Solar energy equipment capable of generating more than 100 kilowatts AC but no more than 500 kilowatts AC of electricity

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate is 9% for renewable energy markets that qualify for remittance.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%

Data Sources

- Department of Revenue, Remittance data
- Department of Commerce, Fuel sources data
- Globenewswire.com, Renewable energy growth

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Purchasers of solar energy equipment
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.962(1)(e); 82.12.962(1)(e) - Solar energy equipment capable of generating no more than 100 kilowatts AC of electricity

Description

Beginning July 1, 2019, purchases of machinery and equipment, and labor and services to install such machinery and equipment, used to generate less than 100 kw electricity, are exempt from sales and use taxes.

To qualify for the exemption, the seller must meet the following requirements at the time of sale:

- Has a contractor’s certificate of registration.
- Has a current state unified business identified number.
- As required by law, possesses proof of industrial insurance coverage for the contractor's employees working in Washington; employment security department number; and a state excise tax registration number.
- Has had no findings of violation of federal or state wage and hour laws and regulations in a final and binding order by an administrative agency or court of competent jurisdiction in the past 24 months.

To qualify for this exemption, the purchaser must provide the seller with an exemption certificate, as required by the department.

Installation of qualifying machinery and equipment must be completed before January 1, 2030.

Purpose

To support production of renewable energy sources.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$24.616	$28.308	$32.555	$37.438
Local Taxes	$11.239	$12.925	$14.863	$17.093

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$25.949	$32.555	$37.438
Local Taxes	$0.000	$11.848	$14.863	$17.093

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate is 15% for the smaller scale solar energy market.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

82.08.962(1)(e); 82.12.962(1)(e) - Solar energy equipment capable of generating no more than 100 kilowatts AC of electricity

Data Sources

- Department of Revenue, Remittance data
- Department of Commerce, Fuel sources data
- Globenewswire.com, Renewable energy growth

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Purchasers of solar energy equipment
Taxpayer Count:	90
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.965; 82.12.965 - Semiconductor materials manufacturing after $1 billion investment - construction costs

Description

Sales and use taxes exemption is available to manufacturers of semiconductor materials who construct new buildings, including parts of new buildings used for qualified manufacturing activities, labor and services in conjunction with construction of facilities for manufacturing semiconductor materials.

To qualify for the sales and use tax exemption the firm must keep at least 75% of the employees they initially showed would constitute full employment for the plant for at least eight years. Failure to meet the 75% employment requirement for any year will result in the loss of one-eighth of the sales and use tax exemption.

This exemption is effective for 12 years following the effective date of the bill, and it is contingent upon commencement of commercial operations by a new semiconductor material fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion.

Purpose

To retain and attract semiconductor businesses in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.
- The necessary facility investment will not occur prior to January 1, 2024.

Data Sources

- Department of Revenue, Excise tax data

82.08.965; 82.12.965 - Semiconductor materials manufacturing after $1 billion investment - construction costs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Businesses that manufacture semiconductor materials
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2016 and expedited review completed in 2021

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Description

Sales and use taxes are exempt to manufacturers and processors for hire on purchases of gases and chemicals used to produce semiconductor materials. Manufacturers of silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers also qualify for this exemption.

A person claiming the exemption under this section must file a complete annual tax performance report.

Any person who has claimed the exemption must reimburse the department for 50% of the amount of the tax exemption, if the number of persons employed by the person claiming the tax preference is less than 90% of the person's three-year employment average for the three years immediately preceding the year in which the exemption is claimed.

This exemption expires December 1, 2028.

Purpose

To encourages the retention of existing persons who manufacture semiconductor in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Businesses that manufacture semiconductor materials
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2016 with upcoming review in 2025

82.08.970; 82.12.970 - Semiconductor materials manufacturing after $1 billion investment - gases and chemicals

Description

Manufacturers and processors for hire of semiconductor materials are exempt from sales and use taxes on purchases of gasses and chemicals used in the manufacturing process. The exemption is contingent upon commencement of commercial operations by a new semiconductor microchip fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion.

The exemption expires 12 years after the effective date, or January 1, 2024, if the contingency has not occurred.

Purpose

To encourage the retention of existing semiconductor businesses in Washington and attracts similar businesses to Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.
- The necessary facility investment will not occur prior to January 1, 2024.

Data Sources

- Department of Revenue, Excise tax data

82.08.970; 82.12.970 - Semiconductor materials manufacturing after $1 billion investment - gases and chemicals

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Businesses that manufacture semiconductor materials
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2016 and expedited review completed in 2021

82.08.975; 82.12.975 - Airplane pre-production computer expenditures

Description

Sales of computer hardware, peripherals, or software used primarily in the development, design, or engineering of aerospace products or to provide aerospace services, are exempt from sales and use taxes. Charges for labor and services rendered in respect to installing the computer hardware, peripherals, or software are also exempt from sales and use taxes. This exemption expires July 1, 2040.

Purpose

Encourages the retention and expansion of the aerospace industry in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$6.800	$6.900	$7.100	$7.200
Local Taxes	$3.600	$3.700	$3.800	$3.900

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$6.300	$7.100	$7.200
Local Taxes	$0.000	$3.400	$3.800	$3.900

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the consumer price index reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the urban average local sales and use tax rate of 3.16%.

Data Sources

- Department of Revenue, Annual tax performance reports
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of commercial aircraft and components
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2014 and 2019 with an upcoming review in 2024

82.08.980; 82.12.980 - Commercial airplane facilities on port district property

Description

An exemption from sales and use taxes is available to manufacturers who construct new buildings and/or new parts of buildings that will be used primarily to:

- Manufacture commercial airplanes, airplane fuselages, and airplane wings.
- Store raw materials and finished products.

The exemption applies to charges for:

- Labor and services rendered in respect to the constructing of new buildings.
- Materials incorporated as an ingredient or component during construction.
- Labor and services rendered for installing building fixtures not otherwise eligible for the machinery and equipment exemption.

Port districts, political subdivisions, or municipal corporations may also use this exemption when constructing new facilities to lease to qualifying manufacturers. This exemption expires July 1, 2040.

Purpose

To encourage the building of commercial aircraft assembly facilities in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impact less than three taxpayers and any impacts are confidential.

Data Sources

Department of Revenue, Annual tax performance reports

82.08.980; 82.12.980 - Commercial airplane facilities on port district property

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Owners of facilities producing commercial airplanes, fuselages, and wings
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2014 and 2019 with an upcoming review in 2024

82.08.983; 82.12.983 - Wax or ceramic materials used to create molds

Description

Sales of wax or ceramic materials used to create molds consumed during the process of creating ferrous and nonferrous investment castings used in industrial applications are exempt from sales and use taxes. Labor and services used to create patterns and shells used as molds also qualify.

Purpose

To encourage the production of castings in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$3.033	$2.967	$3.072	$3.168
Local Taxes	$1.364	$1.334	$1.381	$1.425

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.719	$3.072	$3.168
Local Taxes	$0.000	$1.223	$1.381	$1.425

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the manufacturing B&O taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- Fabricators & Manufacturers Association, Inc., Industry financial statistics

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Businesses creating molds
Taxpayer Count:	41
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2021

82.08.985; 82.12.985 - Insulin

Description

Insulin for use by humans is exempt from sales and use taxes.

Purpose

To reduce the cost of insulin.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$55.400	$57.470	$59.540	$61.670
Local Taxes	$24.910	$25.840	$26.770	$27.730

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$52.680	$59.540	$61.670
Local Taxes	$0.000	$23.690	$26.770	$27.730

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales and use taxable activity growth rate reflected in the Economic and Revenue Forecast Council's November 2022 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- U.S. Census Bureau, Population data
- Statista, "The U.S. Accounts for Nearly Half of Global Diabetes Drug Sales"
- Statista, "Anti-Diabetes Drugs - Worldwide"

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Persons with diabetes
Taxpayer Count:	520,000
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2013 and expedited review completed in 2021

82.08.986; 82.12.986 - Data center equipment and infrastructure

Description

There is a sales and use taxes exemption for qualified purchases of eligible server equipment and eligible power infrastructure for data centers located in a rural county. The exemption also includes charges for labor and services associated with installation of the equipment and power infrastructure.

To qualify, a facility must meet employment and facility size requirements described in statute. In addition, for exemption certificates issued on or after June 9, 2022, qualifying businesses operating newly constructed data centers must attain certification for sustainable design or green building standards.

This exemption is limited to eight data centers for those that began construction between July 1, 2015, and July 1, 2019, and a total of 12 data centers through June 9, 2022. There is no limitation thereafter, and any number of data centers may be granted certificates if they qualify, unless they are qualifying via refurbishment.

In addition, each year, the department may issue up to six certificates for data centers that qualify through refurbishment.

No new exemption certificates may be issued on or after July 1, 2036. Exemptions expire July 1, 2048.

"Eligible computer data center" requirements:

- Located in a rural county at the time an application for an exemption is received.
- Have at least 20,000 square feet dedicated to housing working servers.
- Commencement of construction occurs:
  - After March 31, 2010, and before July 1, 2011.
  - After March 31, 2012, and before July 1, 2015.
  - After June 30, 2015, and before July 1, 2035.

Purpose

To promote economic development and maintain the state's leadership in technology. It also provides job growth to rural communities in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$77.540	$82.240	$87.040	$89.040
Local Taxes	$22.590	$23.290	$24.790	$25.790

Repeal of exemption

Repealing this exemption would increase revenues.

82.08.986; 82.12.986 - Data center equipment and infrastructure

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$75.380	$87.040	$89.040
Local Taxes	$0.000	$21.350	$24.790	$25.790

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth reflects additional data centers and replacing server equipment.
- Local revenue estimates use the rural average local sales and use tax rate of 1.88%.

Data Sources

- Department of Revenue, Annual tax performance reports

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Data centers located in rural counties
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	2016

82.08.9861; 82.12.9861 - Limited counties data center equipment and infrastructure

Description

There is a sales and use taxes exemption for qualified purchases of eligible server equipment and eligible power infrastructure for data centers located in a county with population over 800,000. The exemption also includes charges for labor, material, equipment, and services associated with installation of the equipment and power infrastructure.

The department may approve:

- Six applications to obtain the exemptions for qualifying businesses in the first calendar year of the exemption; and
- Six applications to obtain the exemptions for qualifying businesses in each year, calendar year three through calendar year six of the exemption. No applications may be approved in year two.

Program requirements:

- To qualify, a facility must meet employment and facility size requirements described in statute. In addition, qualifying businesses operating newly constructed data centers must attain certification for sustainable design or green building standards.
- The qualifying business must have a minimum of 1.5 megawatts of available power.
- A qualifying tenant must have a minimum electrical capacity of 150 kilowatts for server and computer equipment in a qualifying business. Tenants that previously qualified under the rural county data center program must reapply if they intend to expand into a qualifying business.
- An "eligible computer data center" must have at least 20,000 square feet dedicated to housing working servers.

No new exemption certificates may be issued on or after July 1, 2028. Exemptions expire July 1, 2038.

Purpose

To promote economic development and maintain the state's leadership in technology.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$6.100	$11.300	$13.900	$17.400
Local Taxes	$3.000	$5.500	$6.700	$8.400

Repeal of exemption

Repealing this exemption would increase revenues.

82.08.9861; 82.12.9861 - Limited counties data center equipment and infrastructure

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$10.360	$13.900	$17.400
Local Taxes	$0.000	$5.040	$6.700	$8.400

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Data centers located in high populated areas tend to be smaller than those located in rural area. For data centers located in King, Pierce, and Snohomish Counties, assume two data centers at 210,000 square feet, the average size, and four at 100,000 square feet, the minimum size required, for each eligible year. Approximately 50% of the data center is dedicated to server space.
- It takes approximately 18 to 24 months to complete a data center. Until full capacity is reached, 25% of the dedicated server space will be filled each year.
- For a new data center, the average cost per square foot for eligible servers and power infrastructure is $800 per square foot.
- Servers are refreshed every three years. This is due to cost savings and upgrading equipment. The cost for replacement servers and power infrastructure maintenance is $200 per square foot.
- Qualifying businesses and tenants will meet the power requirements prior to applying to the Department.
- Local revenue estimates use the urban average local sales and use tax rate of 3.16%.

Data Sources

- Department of Revenue, Annual tax performance reports, data center applications and buyers' addendums

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Data centers in non-rural counties
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.989; 82.12.989 - Internet and telecommunications infrastructure for tribes

Description

A state sales and use taxes exemption is provided for sales, labor, and services associated with the construction of a qualified infrastructure project (QIP).

The exemption applies to:

- Sales of building materials.
- Telecommunications equipment.
- Personal property used or incorporated into a qualified infrastructure project.
- Charges made for the labor and services related to the construction of a QIP.
- The installation of any equipment or other personal property incorporated into a QIP.

QIP owners must apply to the department for an exemption certificate. The exemption certificate expires on the date the QIP owner certifies the project as operationally complete or January 1, 2030, whichever is first. The total amount of state sales and use tax exempted may not exceed $8 million.

Qualified infrastructure project means the construction of buildings and utilities related to the deployment of modern global internet and telecommunications infrastructure that occurs in part in a distressed county located on the coast of Washington.

QIP owner means a wholly owned subsidiary of a federally recognized tribe located in a county that borders the Pacific Ocean and is developing a qualified infrastructure project.

This exemption expires January 1, 2030.

Purpose

To provide a sales and use taxes exemption for sales, labor, and services associated with the construction of a QIP.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.300	$2.600	$1.950	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.380	$1.950	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

82.08.989; 82.12.989 - Internet and telecommunications infrastructure for tribes

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- A new cable landing station will be built on the northwest coast of the U.S. and cost approximately $90 million.
- Groundbreaking to occur in 2024 and expect to be completed by 2026.
- The exemption applies only to a cable landing station constructed in Grays Harbor County and a backhaul network connection from Hoquiam to Centralia, Washington.

Data Sources

- Department of Revenue, Fiscal note data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2023
Primary Beneficiaries:	Quinault Indian Nation
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.990 - Interstate commerce - import and export shipments

Description

The sale of tangible personal property in export commerce is exempt from sales tax.

Tangible personal property is in export commerce when the seller delivers the property to the:

- Buyer in a foreign country.
- Carrier consigned to transport the property to a foreign country.
- Buyer at shipside or aboard the buyer's vehicle of transportation and it is clear the export process has started.
- Buyer who is in Washington if the property can be transported to a foreign destination under its own power, the seller files an export declaration and the buyer immediately transports the product to a foreign country (excludes motor vehicles).

Purpose

Codifies the department's tax policies regarding imports and exports (WAC 458-20-193C). This statute provides clarity concerning the taxation of property in the process of international shipment.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not increase revenues. These sales would likely be exempt under other statutes (82.08.0254).

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this bill is indeterminate. Due to Substitute Senate Bill 5581 in 2019, foreign sellers must collect and remit tax on the sale, resell, or processing of tangible personal property within Washington.

Data Sources

None

82.08.990 - Interstate commerce - import and export shipments

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	2007
Primary Beneficiaries:	Firms engaged in international trade that ship products across Washington's borders
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.08.993; 82.12.817 - Hydrogen fuel cell electric vehicles

Description

The law provides a sales and use tax exemption for sales and leases of new and used electric passenger cars, light duty trucks, and medium duty passenger vehicles powered by a fuel cell.

Fifty percent of the sales and use taxes are exempt for sales or leases of new vehicles. For the sales or leases of used vehicles, the exemption is limited to the lesser of $16,000 or the fair market value of the vehicle. A person may not claim this exemption if the person claims the exemption under the clean alternative fuel vehicle exemption.

The exemption expires when the cumulative number of qualified new vehicles titled in Washington reaches 650. The exemption expires effective after the last day of the calendar month immediately following the month the department determines the total vehicle count has been reached. The Department of Licensing must collect and provide, upon request, information in a form or manner required by the department to determine the number of exemptions that have been claimed.

The exemption expires the last day following the month the department determined the vehicle count has been met or June 30, 2029; whichever comes first.

Purpose

To encourage the purchase of hydrogen fuel cell electric vehicles.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.042	$0.084	$0.136
Local Taxes	$0.000	$0.020	$0.040	$0.060

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.042	$0.084	$0.136
Local Taxes	$0.000	$0.020	$0.040	$0.060

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- A hydrogen production facility is being built in Douglas County and expected to be online in June 2024. Once online, two hydrogen fuel stations will be complete late 2024 and hydrogen fuel vehicle sales will start early 2025.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Department of Licensing, Vehicle title data
- KPQ.com, Taylor, J., (2023, February 16). "Douglas PUD Takes Another Stride Towards Hydrogen Plant."

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2021
Primary Beneficiaries:	Customers purchasing hydrogen fuel cell electric vehicles
Taxpayer Count:	120
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.995; 82.12.995 - Public authority sales

Description

Tangible personal property and services provided by a public corporation, commission, or authority are exempt from sales and use taxes when sold to:

- A limited liability company in which the public corporation is the managing member.
- A limited partnership in which the public corporation is the general partner.
- A single-asset entity required by a federal, state, or local housing assistance program and directly or indirectly controlled by the public corporation.

Purpose

Minimizes the tax burden for companies receiving federal grants for low-income housing authorities.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Financial statements from qualified taxpayers

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	Public development authorities
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Upcoming review scheduled in 2025

82.08.996, 82.12.996 - Battery powered electric vessels

Description

Sales and use taxes do not apply to the sale or use of:

- New battery-powered electric marine propulsion systems ("EMPSs").
- New vessels equipped with battery powered EMPSs.
- Batteries and battery packs used to exclusively power EMPSs or hybrid EMPSs and labor and services rendered in respect to installing, repairing, altering, or improving such batteries or battery packs.

Only EMPSs, and the batteries or battery packs used exclusively to power them, with continuous power greater than 15 kilowatts qualify for the exemption. "Battery-powered electric marine propulsion systems" are fully electric outboard or inboard motors used by vessels whose sole source of propulsive power is the energy stored in the battery packs and include required accessories, such as throttles, displays, and battery packs. "Vessels" include every new watercraft, other than seaplanes, that are used or capable of being used as a means of transportation on the water.

Additionally, sales and use taxes do not apply to the sale or use of:

- New shoreside batteries purchased and installed for the purpose of reducing grid demand when charging electric and hybrid vessels.
- Labor and services rendered in respect to installing, repairing, altering, or improving shoreside batteries and installing, constructing, repairing, or improving shoreside batteries infrastructure.
- Tangible personal property that will become a component of shoreside batteries infrastructure.

"Shoreside batteries" means batteries installed at a dock or similar location to provide an electric charge to a vessel powered by an electric marine propulsion system. "Shoreside batteries infrastructure" means the shoreside battery bank, charging apparatus, and emergency services generator.

This exemption expires July 1, 2030.

Purpose

To encourage the sale and use of inboard or outboard battery-powered electric marine propulsion systems for vessels and the infrastructure they require.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.010	$0.010	$0.010	$0.010
Local Taxes	$0.004	$0.004	$0.004	$0.004

Repeal of exemption

Repealing this exemption would increase revenues.

82.08.996, 82.12.996 - Battery powered electric vessels

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.010	$0.010	$0.010
Local Taxes	$0.000	$0.003	$0.004	$0.004

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- National annual growth rate for boat sales is 5%.
- Local revenue estimates use the urban average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Businesses and consumers purchasing electric vessels
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.997 - Temporary medical housing

Description

Sales of temporary medical housing provided by health and social welfare organizations are exempt from sales and use taxes.

Purpose

Reduces the cost of temporary housing for patients and their families while undergoing medical treatment.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.238	$0.238	$0.238	$0.238
Local Taxes	$0.336	$0.336	$0.336	$0.336

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.218	$0.238	$0.238
Local Taxes	$0.000	$0.280	$0.336	$0.336

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- About 10 facilities offer temporary medical housing.
- No growth due to small number of hospitality houses with limited number of rooms.
- 90% occupancy rate year around.
- Facilities are located in large cities with an average local tax rate of 3.16%.
- Seattle Convention Center tax rate = 0.07%.

Data Sources

- Healthcare Hospitality Network
- Individual hospitality house websites

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Persons seeking medical treatment away from their homes
Taxpayer Count:	About 10
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2021

82.08.998; 82.12.998 - Weatherization assistance program

Description

Sales and use taxes do not apply to tangible personal property used in the weatherization of a residence under the low-income residential weatherization program, chapter 70.164 RCW. The exemption only applies to tangible personal property that becomes a component of the residence. Examples of qualifying weatherization materials include, but are not limited to, insulation and sealants, heating and cooling equipment, supplies used to seal and repair ducts. Charges for labor and services used to install these materials are subject to sales tax and use tax.

Purpose

To lower the cost of weatherization improvements so more low-income households receive assistance under the Department of Commerce's weatherization program.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.631	$0.636	$0.636	$0.636
Local Taxes	$0.284	$0.286	$0.286	$0.286

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.583	$0.636	$0.636
Local Taxes	$0.000	$0.262	$0.286	$0.286

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- 25% of spending on weatherization programs is for qualifying materials.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Commerce, Energy Programs in Communities

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Low-income residents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review scheduled in 2026

82.08.999; 82.12.999 - Joint municipal utility authority

Description

Sales or transfers made between joint municipal utility service authorities and any of its members are exempt from sales and use taxes. A joint municipal utility authority is a municipal corporation formed to better facilitate the joint provision of municipal utility services to the public.

Purpose

To clarify the law and to facilitate the ability of local government utilities to jointly plan, finance, construct, acquire, maintain, operate, and provide facilities and utility services to the public, and to reduce costs and improve the benefits, efficiency, and quality of utility services.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The joint municipal utility services statutes already exempt these entities from taxation.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No revenue impact since the joint municipal utility services statutes already exempt these entities from taxation.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.9994; 82.12.9994 - Bottled water - prescription use

Description

Bottled water dispensed or to be dispensed to patients pursuant to a prescription for use in the cure, mitigation, treatment, or prevention of disease or medical condition is exempt from sales and use taxes.

Purpose

To treat the prescription use of bottled water in a similar manner to all other medical prescriptions. Medical prescriptions are exempt from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Exemption use is minimal and therefore no growth.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2017
Primary Beneficiaries:	Persons without potable water
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.99941; 82.12.99941 - Bottled water - primary water source unsafe

Description

Bottled water purchased by persons whose primary source of drinking water is unsafe is exempt from sales and use taxes.

Purpose

To reduce the cost of required water.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The impacts for this exemption are included with the exemption for bottled water dispensed to patients pursuant to a prescription for use in the cure, mitigation, treatment, or preventions of disease or medical condition.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2017
Primary Beneficiaries:	Persons without potable water
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.9995; 82.12.9995 - Restaurant employee meals

Description

Meals provided to employees of restaurants without specific charge are exempt from sales and use taxes.

Purpose

To resolve a long-standing issue regarding the application of sales and use taxes and to make administration of the sales tax easier for restaurants and the department.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$4.690	$4.700	$4.720	$4.740
Local Taxes	$2.110	$2.110	$2.120	$2.130

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.550	$0.610	$0.620
Local Taxes	$0.000	$0.250	$0.280	$0.280

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the employment growth rate for the service-providing labor force reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- A restaurant employee works an estimated 241 days a year.
- Of the estimated number of employee meals provided to restaurant employees, 29% are provided free of charge.
- An estimated 90% of restaurant employees will receive a free employer-provided meal.
- The average cost of a restaurant employer-provided meal is $4.50.
- A compliance rate of 13% revenue collections applies to each fiscal year of the estimate.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Bureau of Labor Statistics, May 2022 State Occupational Employment and Wage Estimates, Washington
- U.S. Bureau of Labor Statistics, Establishment data table B-2b: Average weekly hours and overtime of all employees on private nonfarm payrolls by industry sector, not seasonally adjusted
- U.S. Bureau of Labor Statistics, Food from home in U.S. city average, all urban consumers, chained, not seasonally adjusted

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2011
Primary Beneficiaries:	Restaurants
Taxpayer Count:	20,144
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2022

82.08.9996; 82.12.9996 - Vessel deconstruction

Description

Sales and use taxes do not apply to sales of vessel deconstruction performed at a qualified vessel deconstruction facility or at an area over water that has been permitted under section 402 of the clean water act of 1972 for vessel deconstruction.

This exemption expires January 1, 2025.

Purpose

To decrease the number of abandoned and derelict vessels in Washington by lowering the cost of deconstruction.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.050	$0.029	$0.000	$0.000
Local Taxes	$0.020	$0.010	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.025	$0.000	$0.000
Local Taxes	$0.000	$0.010	$0.000	$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 6 months of collections in fiscal year 2025 due to the incentive expiring on January 1, 2025.
- Annual vessel deconstruction costs are extremely varied therefore average amount used to calculate impact.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Department of Natural Resources, Vessel data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2014
Primary Beneficiaries:	Vessel deconstruction businesses
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2017

82.08.9997; 82.12.9997 - Cannabis, tribal contracts

Description

State and local sales and use taxes do not apply to the sale or use of cannabis products covered by a tribal cannabis compact.

Purpose

To treat cannabis compacts in a manner similar to cigarette compacts, as a government-to-government relationship.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not increase revenues, as that would violate the contractual agreement.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The state will not impose its cannabis and sales and use taxes on these products, as the tribes are already imposing their own equivalent taxes under the contracts.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2015
Primary Beneficiaries:	State, local and tribal governments
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.08.9998(1)(a); 82.12.9998 - Medical cannabis sold to qualifying patients

Description

Sales of cannabis products identified by the Department of Health as beneficial for medical use by retailers with medical cannabis endorsements are exempt from sales and use taxes if the sales are to patients or designated providers who have cannabis recognition cards.

The Department of Health identifies these cannabis products as compliant cannabis products.

Purpose

To exempt medically beneficial cannabis from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.877	$0.877	$0.877	$0.877
Local Taxes	$0.394	$0.394	$0.394	$0.394

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.804	$0.877	$0.877
Local Taxes	$0.000	$0.362	$0.394	$0.394

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth is minimal therefore annual amounts remain constant.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical cannabis retailers and customers
Taxpayer Count:	156
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.08.9998(1)(b); 82.12.9998 - Low THC products sold to qualifying patients

Description

Sales of cannabis products containing THC with a THC concentration of 0.3% or less are exempt from sales and use taxes. This exemption applies only when retailers with medical cannabis endorsements sell to patients or designated providers who have cannabis recognition cards.

Purpose

To exempt medically beneficial cannabis from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.046	$0.046	$0.046	$0.046
Local Taxes	$0.021	$0.021	$0.021	$0.021

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.042	$0.046	$0.046
Local Taxes	$0.000	$0.019	$0.021	$0.021

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth is minimal therefore annual amounts remain constant.
- Qualifying THC products are about 5% of medical cannabis sales.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical cannabis retailers and customers
Taxpayer Count:	156
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.08.9998(1)(c); 82.12.9998 - Cannabis with low THC-high CBD ratio

Description

Sales of cannabis products identified by the Department of Health to have a low THC, high CBD ratio and to be beneficial for medical use are exempt from sales and use taxes. This exemption applies only when retailers with medical cannabis endorsements sell to those who can legally purchase cannabis.

Purpose

To exempt medically beneficial cannabis from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.065	$0.065	$0.065	$0.065
Local Taxes	$0.029	$0.029	$0.029	$0.029

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.060	$0.065	$0.065
Local Taxes	$0.000	$0.027	$0.029	$0.029

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth is minimal therefore annual amounts remain constant.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical cannabis retailers and customers
Taxpayer Count:	19
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.08.9998(1)(d); 82.12.9998 - Topical low THC sales by health care professionals

Description

Sales by health care professionals of topical, non-ingestible products containing THC with a THC concentration of 0.3% or less, are exempt from sales and use taxes.

Purpose

To exempt medically beneficial cannabis from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.014	$0.014	$0.014	$0.014
Local Taxes	$0.006	$0.006	$0.006	$0.006

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.013	$0.014	$0.014
Local Taxes	$0.000	$0.006	$0.006	$0.006

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth is minimal therefore annual amounts remain constant.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical cannabis recipients
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.08.9998(1)(e)(i); 82.12.9998 - Cannabis and low THC products produced and used by cooperative members

Description

Sales and use taxes do not apply to cannabis products and low THC products (THC content less than 0.3%) produced and used by cooperative members.

Purpose

The legislature does not intend to tax the activities of medical cannabis cooperatives which are barred from selling cannabis.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact is indeterminate, as the number of cooperatives is unknown. However, the impact should be negligible.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2015
Primary Beneficiaries:	Medical cannabis cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.08.9998(1)(e)(ii); 82.12.9998 - Resources and labor contributed by medical cannabis cooperative members

Description

Nonmonetary resources and labor contributed by an individual member of a medical cannabis cooperative are exempt from sales and use taxes.

Purpose

Cooperatives grow cannabis for their own medical use and may not sell products. It is the intent of the legislature to exempt this noncommercial activity from taxation.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Revenue impact is indeterminate because the number of future cooperatives, future resources, and labor contributions is unknown.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2015
Primary Beneficiaries:	Medical cannabis cooperatives
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.08.9999; 82.12.9999 - Alternative fuel vehicles

Description

A sales and use taxes exemption is provided for sales of new and used passenger cars, light duty trucks, and medium duty passenger vehicles which meet one of the following:

- Are exclusively powered by a clean alternative fuel.
- Use at least one method of propulsion that is capable of being recharged from an external source of electricity and are capable of traveling at least 30 miles using only battery power.

"Clean alternative fuel" includes natural gas, propane, hydrogen, and electricity.

New vehicles with a selling price less than $45,000, which includes the trade-in value, qualify for this exemption. Through July 31, 2021, the exemption is a maximum of $25,000 of a vehicle's selling price or the total lease payments made plus the selling price of the leased vehicle if the original lessee purchases the leased vehicle. Beginning August 1, 2021, the exemption is a maximum of $20,000 and decreases to $15,000 on August 1, 2023. The qualification period end date is August 1, 2025.

Used vehicles with a selling price less than $30,000, which includes the trade-in value, qualify for this exemption. The first $16,000 of the selling price or total lease payments made plus the selling price of the leased vehicle, if purchased by the original lessee, is exempt from sales and use taxes.

All leased vehicles signed by the qualification period end date continue to be exempt from retail sales taxes until August 1, 2028, when these sections expire.

Purpose

To encourage the sale and lease of alternative fuel vehicles.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$11.470	$14.710	$3.040	$0.000
Local Taxes	$4.930	$6.320	$1.310	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$13.480	$4.570	$0.000
Local Taxes	$0.000	$5.800	$1.970	$0.000

82.08.9999; 82.12.9999 - Alternative fuel vehicles

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025 with 3 month collections in fiscal year 2026 due to exemption expiring August 1, 2025.
- Growth rate mirrors the battery electric and plug-in hybrid vehicle growth rate reflected in the Transportation Revenue Forecast's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Excise tax data
- Office of Financial Management, March 2023 Transportation Revenue Forecast
- Department of Licensing, Vehicle title data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2019
Primary Beneficiaries:	Consumer purchasing new and used alternative fuel vehicles
Taxpayer Count:	26,000
Program Inconsistency:	None evident
JLARC Review:	Full review scheduled in 2024

82.12.010(7)(c) - Use tax on rental value

Description

An out-of-state business that brings property into Washington for temporary business use (less than 180 days during a 365 consecutive day period) may compute use tax based on an amount representing the reasonable rental value of the item, rather than the total market value. The usual measure of use tax is the purchase price or the fair market value at the time of first use in Washington.

Purpose

To encourage out-of-state enterprises to do business in Washington by allowing them to use equipment here on a temporary basis without incurring use tax on the full market value.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.159	$1.185	$1.227	$1.271
Local Taxes	$0.521	$0.533	$0.552	$0.572

Repeal of exemption

Repealing this tax preference would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.086	$1.227	$1.271
Local Taxes	$0.000	$0.489	$0.552	$0.572

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- 90 days is the average use in Washington.
- Growth rate mirrors the construction equipment growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Out-of-state businesses with activities in Washington.
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2013 with an upcoming review in 2026

82.12.0203 - Self-produced fuel (refinery fuel gas)

Description

Refinery fuel gas is subject to the following state use tax rate structure in lieu of the 6.5% state use tax rate:

- 0.963 % from January 1, 2018, through December 31, 2018.
- 1.926 % from January 1, 2019, through December 31, 2019.
- 2.889 % from January 1, 2020, through December 31, 2020.
- 3.852 % from January 1, 2021, and thereafter.

However, the use of refinery fuel gas by an extractor or manufacturer is not subject to local use tax when the fuel is used directly in the operation of the particular extractive operation or manufacturing plant that produced or manufactured the same refinery fuel gas.

Purpose

To provide a lower tax rate to improve industry competitiveness.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$5.440	$5.450	$5.090	$5.190
Local Taxes	$4.650	$4.660	$4.350	$4.440

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$5.000	$5.090	$5.190
Local Taxes	$0.000	$4.270	$4.350	$4.440

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Beginning October 1, 2023, all refineries report taxable value of self-produced natural gas at a standard price based on Henry Hub cash market price forecast.
- Henry Hub cash market price forecast is reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Growth rate for natural gas production volume mirrors the department's March 2023 non-general fund forecast for petroleum product volume.
- Average local tax rate is 2.26% among the petroleum refinery locations in Whatcom, Skagit, and Pierce Counties.

Data Sources

- Department of Revenue, Excise tax data and March 2023 non-general fund forecast
- Economic and Revenue Forecast Council, March 2023 forecast

82.12.0203 - Self-produced fuel (refinery fuel gas)

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Petroleum refineries
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.12.0208(3) - Digital goods used by students

Description

Use tax is not imposed when students use digital goods furnished by an elementary school, secondary school, or an institution of higher education.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this exemption is indeterminate; however, the impact is likely minimal.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	2009
Primary Beneficiaries:	Students
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.12.0208(4)(a)(i) - Digital goods used noncommercially

Description

The use tax is not imposed upon the use of digital goods that are of a noncommercial nature, such as personal emails.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Individuals using digital goods noncommercially are not subject to use tax, therefore repealing this exemption results in no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2009
Primary Beneficiaries:	Individuals who send emails or otherwise use digital goods noncommercially
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.12.0208(4)(a)(ii) - Digital goods created for internal audience

Description

The use tax is not imposed upon the use of digital goods that are created solely for an internal audience.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this exemption is indeterminate. Repealing this exemption would have an indeterminate impact on revenues since the data regarding digital goods created solely for an internal audience is unattainable.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses that create digital goods solely for internal use
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.12.0208(4)(a)(iii) - Digital goods created for business needs and not for sale

Description

The use tax is not imposed upon the use of digital goods that are created solely for the business needs of the person who created them, if they are not the type of digital good that is offered for sale. Excluded digital goods include business email communications.

Purpose

To protect the sales and use taxes base, establish certainty in the tax code, maintain conformity with the streamlined sales and use taxes agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this exemption is indeterminate. Digital goods created for business needs and not for sale is unknown.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses that send emails or otherwise use digital goods that are not offered for sale
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.12.0208(5) - Digital products or codes obtained for free by end user

Description

Digital products and digital codes obtained free of charge are exempt from use tax.

Purpose

To protect the sales and use tax base, establish certainty in the tax code, maintain conformity with the streamlined sales and use tax agreement, and encourage economic development.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would have an indeterminate impact on revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this exemption is indeterminate. No reliable data source was located.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2009
Primary Beneficiaries:	Consumers of digital products or codes
Taxpayer Count:	7.5 million
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.12.022(6); 82.14.230(6) - Natural and manufactured gas used for transportation

Description

The use of natural gas as a transportation fuel, when provided by a person other than a gas distribution business, is exempt from use taxes. The PU tax provides a similar exemption for sales by gas distribution businesses.

Purpose

To promote the use of natural gas as a transportation fuel and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$10.869	$11.786	$13.956	$17.101
Local Taxes	$13.152	$14.261	$16.887	$20.692

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$10.804	$13.956	$17.101
Local Taxes	$0.000	$13.073	$16.887	$20.692

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rates mirror the natural gas end-use demand and natural gas price growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Estimates reflect state brokered natural gas rate of 3.85% and average local brokered natural gas rate of 4.66%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- U.S. Department of Energy, Alternative Fuels Data Center

Additional Information

Additional Information	
Category:	Businesses
Year Enacted:	2014
Primary Beneficiaries:	Buyers and sellers of natural gas as transportation fuel
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Full review scheduled in 2025

82.12.0251 - Nonresidents' personal property

Description

Use tax does not apply to tangible personal property, digital goods, digital codes, and any services rendered in respect to such property, brought into Washington by a nonresident for temporary use or enjoyment, so long as the item is not used in conducting a non-transitory business activity. This exemption also applies to the use of a motor vehicle registered in another state if the vehicle is not required to be registered in Washington and the use of household goods, personal effects and private motor vehicles (excluding motor homes) by residents of Washington (and nonresident military personnel who are stationed in Washington), if the items were acquired and used while the owner was a resident of another state at least 90 days before entering Washington.

Purpose

To encourage tourism in Washington and to avoid penalizing new residents of Washington by subjecting previously owned items to use tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$3,205.900	$3,315.800	$3,308.700	$3,308.200
Local Taxes	$1,513.400	$1,570.000	$1,624.900	$1,681.200

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$395.140	$860.260	$1,290.200
Local Taxes	$0.000	$187.090	$422.470	$655.670

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sales tax growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Average depreciation rate on tangible personal property is 50%.
- 50% of visitors to Washington locations are already Washington residents and 39.4% are repeat visitors.
- 22% of visitors drive their own car for three-day trips into Washington with two visitors per car.
- Compliance:
    - 13% revenue collections in Fiscal Year 2021.
    - 26% revenue collections in Fiscal Year 2022.
    - 39% revenue collections in Fiscal Year 2023.
    - 52% revenue collections in Fiscal Year 2024 and thereafter.

82.12.0251 - Nonresidents' personal property

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Autotrader.com 'Buying a Car: How Long Can You Expect a Car to Last?'
- CarsDirect.com 'What is the Average Car Depreciation Rate?'
- Zillow.com 'Washington Home Values'
- Washington Tourism Alliance, Tourism data
- Prnewswire.com 'New Vehicles Retail Outlook'
- Nytimes.com 'The Great American Road Trip: Shorter and More Popular Than Ever'
- Bankrate.com 'How Much Does it Cost to Rent a Car?'
- Yahoo.com 'How Much is Your Luggage Worth?'

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Visitors and new Washington residents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2023

82.12.02595 - Donations to nonprofits and government

Description

Tangible personal property donated to nonprofit charitable organizations and state or local governments are exempt from use tax. In addition, labor and services rendered in respect to installing, repairing, cleaning, altering, imprinting, or improving personal property that are donated to nonprofit charitable organizations and state or local governments are also exempt from use tax.

Purpose

To allow charitable donations to take place without incurring use tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.410	$1.460	$1.520	$1.570
Local Taxes	$0.630	$0.660	$0.680	$0.710

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.340	$1.520	$1.570
Local Taxes	$0.000	$0.600	$0.680	$0.710

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the sale and use taxes growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local use tax rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Giving USA 2022, Annual Report on Philanthropy for the Year 2021
- CECP, Giving in Numbers 2014 Edition
- U.S. Census, Population data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit groups and governmental entities that receive donated items
Taxpayer Count:	237
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.12.0263 - Extracted fuel

Description

Use tax does not apply to the use of biomass fuel by the extractor or manufacturer when the fuel is used directly in the operation of the particular extractive operation or manufacturing plant which produced or manufactured the same biomass fuel.

"Biomass fuel" means wood waste and other wood residuals, including forest derived biomass, but does not include firewood or wood pellets. "Biomass fuel" also includes partially organic by-products of pulp, paper, and wood manufacturing processes.

Purpose

Provide a lower tax rate to improve industry competitiveness.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Businesses that manufacture wood biomass fuel
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2011 and expedited review completed in 2017

82.12.0264 - Driver training vehicles

Description

Vehicles used in driver-training programs by public and private schools are exempt from use tax.

The vehicles must:
- Contain dual controls.
- Be used exclusively by public or private schools (not commercial driver-training programs).

Purpose

Reduces the costs of providing driver-education programs.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.025	$0.025	$0.025	$0.025
Local Taxes	$0.011	$0.011	$0.011	$0.011

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.023	$0.025	$0.025
Local Taxes	$0.000	$0.010	$0.011	$0.011

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Statewide, school districts have seven vehicles under contract. Same number of vehicles for private school driver's education.
- The cars have an average age of three years.
- The number of driver's education cars leased continues to be much lower than previous years, therefore no growth.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Office of the Superintendent of Public Instruction, Driver education car data
- Edmunds.com, Average car values

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1955
Primary Beneficiaries:	School districts
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2010 and 2019

82.12.0265 - Bailed tangible personal property for research and development

Description

A bailee's research, development, experimental, and testing activities is not subject to use tax so long as the property was not subject to sales tax or use taxes when acquired by the bailor. "Bailment" consists of a bailor granting the temporary right of possession of tangible personal property to another person (bailee) for a stated purpose without consideration or transfer of ownership.

Purpose

Tangible personal property owned by the federal government used by federal contractors is subject to bailment. Such contractors are normally subject to use tax on the value of materials incorporated into federal projects. The purpose of the exemption is to improve the competitive position of instate businesses competing for the federal contracts by reducing the associated tax burden.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this exemption. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1961
Primary Beneficiaries:	Contractors with the federal government
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2010 and expedited review completed in 2023

82.12.0266 - Vehicles acquired while in military service

Description

Vehicles and trailers acquired and used by Washington residents serving in the armed forces and stationed outside of Washington are exempt from use tax. Exemption does not cover persons called to active duty for training of less than six months or for vehicles acquired less than 30 days prior to discharge from the military.

Purpose

To support resident armed forces members and to create equity. Nonresidents who bring their vehicles into Washington and establish residency here are exempt from use tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$8.600	$8.810	$8.880	$8.750
Local Taxes	$3.700	$3.790	$3.820	$3.760

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$8.080	$8.880	$8.750
Local Taxes	$0.000	$3.470	$3.820	$3.760

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the auto sales growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Estimated persons from Washington in the military mirrors percentage of state population to national population.
- Average length of auto ownership is eight years.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Economic and Revenue Forecast Council, March 2023 forecast
- Office of Financial Management, Population data
- U.S. Department of Defense, Military personnel data
- U.S. Census, Population data
- National Automobile Dealers Association, Vehicle data

82.12.0266 - Vehicles acquired while in military service

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1963
Primary Beneficiaries:	Resident members of the armed forces
Taxpayer Count:	27,000
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2010 and expedited review completed in 2020

82.12.0272 - Display items for trade shows

Description

Tangible personal property held for sale and displayed in a trade show for up to 30 days is exempt from use tax. The exemption pertains to items that are actually demonstrated and not simply available for sale as part of the dealer's inventory.

Purpose

To stimulate trade and the economy by encouraging trade shows to take place in the state.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would likely increase revenues but the impact is indeterminate.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

The revenue impact of this exemption is indeterminate. The beneficiaries of this exemption are not required to report, file, deduct, or otherwise document their use of this exemptions, therefore no reliable data exists to estimate the impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1971
Primary Beneficiaries:	Manufacturers displaying items at trade shows
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2011 with an upcoming review in 2026

82.12.0284 - Computers donated to schools

Description

Donated computers to public or private nonprofit schools or colleges are exempt from use tax. This includes computers donated by individuals and businesses. The exemption includes computers, computer components, computer accessories, computer software, digital goods, or digital codes.

A similar exemption is provided for ALL tangible personal property that is donated to a government entity or a nonprofit charitable organization. However, that statute does not cover donations of computers to private, nonprofit educational institutions.

Purpose

To encourage individuals and businesses to donate computer equipment to schools.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.144	$0.144	$0.144	$0.144
Local Taxes	$0.065	$0.065	$0.065	$0.065

Repeal of exemption

Repealing this exemption would increase revenues. Private nonprofit educational institutions would pay use tax on donated computers.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.132	$0.144	$0.144
Local Taxes	$0.000	$0.054	$0.065	$0.065

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- On average, about 5,600 computers are donated annually to schools in the last five years.
- Used laptop computers have an average value of $400.
- Local revenue estimates use the statewide average local use tax rate of 2.92%.

Data Sources

- Office of Public Instruction, Computers for kids program data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	Public and private schools
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Expedited reviews completed in 2019

82.12.035 - Tax paid to other states

Description

The amount of sales or use tax paid to another state, foreign county, or political subdivision of another state or foreign county may be credited towards use tax due for items used in Washington. The credit is limited to the amount of Washington use tax otherwise due.

Purpose

The primary function of use tax is to complement sales tax by asserting tax in situations where the Washington sales tax did not apply (purchases made in other states, items bought from private parties, etc.). This credit avoids overtaxing items when tax was paid to another jurisdiction.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.639	$0.662	$0.692	$0.724
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit may increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.606	$0.692	$0.724
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the use taxable activity growth rate reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Credit is applied to state use tax due first. There is rarely any credit left to apply to local use tax due. Therefore, there is no local impact.

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1967
Primary Beneficiaries:	Businesses that pay taxes to other states
Taxpayer Count:	186
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2011 and expedited review completed in 2023

82.12.225 - Nonprofit fund-raising activities - article valued at less than current value limit

Description

Consumers supporting the charitable activities of nonprofit organizations or libraries are provided a limited use tax exemption. The exemption applies to the use of any article of personal property purchased or won as a prize in a game of chance, from a nonprofit organization or library as part of a qualifying tax-exempt fundraising activity.

The item bought or received as a prize in a contest of chance must have a value less than $13,920. The department must adjust the value limit for the exemption by multiplying the current value limit by the greater of one or one plus the percentage change in the consumer price index for the most recent 12-month period available as of December 1st of the current year.

Purpose

To support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.555	$2.647	$2.769	$2.897
Local Taxes	$1.149	$1.190	$1.245	$1.303

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$2.426	$2.769	$2.897
Local Taxes	$0.000	$1.091	$1.245	$1.303

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the use taxable activity growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Washington Gambling Commission, Nonprofit data
- Economic and Revenue Forecast Council, March 2023 forecast

82.12.225 - Nonprofit fund-raising activities - article valued at less than current value limit

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2013
Primary Beneficiaries:	Consumers supporting nonprofit organizations or libraries
Taxpayer Count:	1,477
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2018

82.12.799 - Vessels exempt from registration

Description

Vessel registration does not apply for the use of a vessel exempt from registration.

Purpose

To expand the economy of the maritime industry in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.731	$0.758	$0.785	$0.812
Local Taxes	$0.329	$0.341	$0.353	$0.365

Repeal of exemption

Repealing this exemption would not increase revenue because many vessel owners would leave before the 61st day, when tax becomes due.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repealing this exemption would not increase revenue because many vessel owners would leave before the 61st day, when tax becomes due.

Data Sources

Department of Revenue, Vessel data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2021
Primary Beneficiaries:	Vessel owners
Taxpayer Count:	11
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Description

These statutes relate to the application of use tax for businesses that manufacture or sell vessels and vessel trailers. Use tax is exempt on the following uses of a vessel and trailer by the manufacturer or a vessel dealer:

- Testing, setting up, repairing, remodeling or otherwise making the vessel seaworthy.
- Training of employees who are involved in the manufacturing of the vessel.
- Promoting the sale of the vessel.
- Loaning or donating the vessel to nonprofit organizations or governmental entities for limited periods.
- Transporting, displaying, or demonstrating the vessel at boat shows.
- Delivering, showing, and operating the vessel for a prospective buyer.

Any personal intervening use of the vessel by the manufacturer or a dealer is subject to use tax. However, use tax in such instances is measured by the reasonable rental value of the vessel for particular use, rather than the fair market value, if the dealer can demonstrate the vessel is truly held for sale.

Purpose

To clearly identify the uses of vessels and related equipment which are not considered as taxable "intervening" uses and to provide a basis for the use tax in other taxable situations.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.075	$0.075	$0.075	$0.075
Local Taxes	$0.034	$0.034	$0.034	$0.034

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.069	$0.075	$0.075
Local Taxes	$0.000	$0.031	$0.034	$0.034

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the real nonresidential fixed investments growth rates reflected in the Economic and Revenue Forecast Council's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use taxes rate of 2.92%.

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Data Sources

- Department of Revenue, Excise tax data
- Economic and Revenue Forecast Council, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Boat builders and dealers
Taxpayer Count:	436
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2014 and 2017

82.12.860 - Credit unions - state chartered conversion

Description

Tangible personal property, digital goods and services, certain other services defined as retail sales, or extended warranties acquired by a state-chartered credit union as a result of a merger with or conversion from a federal, out-of-state, or foreign credit union are exempt for use tax.

Purpose

Enables state-charted credit unions to compete with federally chartered credit unions. There are benefits to being a state-chartered credit union which might exceed the potential use tax incurred.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.154	$0.154	$0.154	$0.154
Local Taxes	$0.069	$0.069	$0.069	$0.069

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.141	$0.154	$0.154
Local Taxes	$0.000	$0.064	$0.069	$0.069

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Zero growth rate due to irregular annual impact.
- Local revenue estimates use the statewide average local use tax rate of 2.92%.

Data Sources

- National Credit Union Association, Merger Activity and Insurance Report
- Secretary of State, Corporation search data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Credit unions
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2017

82.12.9993 - Senior living community meals

Description

Food, drink, or meals furnished by a senior living community to tenants as part of a rental or residency agreement for which the community makes no separate charge, regardless of whether the tenant is a resident of an assisted living facility, or a continuing care retirement community are exempt from use tax.

Purpose

To reduce the cost of meals for tenants at senior living communities.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

The impact of this exemption is minimal due to senior living facilities including meals as part of a rental or residency agreement.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2023
Primary Beneficiaries:	Tenants living in a senior living community
Taxpayer Count:	Minimal
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.14.410 - Local sales tax cap for lodging

Description

Charges for sales of lodging are exempt from local sales and use taxes imposed after December 1, 2000, if the local tax results in a combined state and local tax rate of more than 12% or the rate that was otherwise in effect on December 1, 2000. As of December 1, 2000, the combined state and local tax rate for lodging was 15.2% within the city of Seattle and 12% elsewhere. This exemption does not apply to the following local sales and use taxes:

- Regional Transit Authority.
- Housing and Related Services.

Purpose

To encourage tourist activities in areas with high tax rates.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$19.311	$19.588	$19.539	$19.526

Repeal of exemption

Repealing this exemption would increase revenues. Seattle, Pierce County, Wenatchee and East Wenatchee lodging facilities would collect and remit the additional lodging taxes on transient rentals.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$16.323	$19.539	$19.526

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the accommodation growth rates reflected in the S&P Global Market Intelligence's March 2023 forecast.

Data Sources

- Department of Revenue, Lodging data
- S&P Global Market Intelligence, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Hotels and motels in areas with high local tax rates
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.14.430(1) - Local regional transportation vehicles

Description

This statute authorizes a regional transportation investment district (RTID) to levy local sales and use taxes of up to 0.1% to finance regional transportation projects. Subsection (1) exempts motor vehicles from the local tax. However, subsection (2) imposes a special use tax at the same tax rate on motor vehicles purchased by residents of the district.

Purpose

This unique tax arrangement enables vehicle dealers located within a RTID to avoid collecting the 0.1% local sales tax for regional transportation projects from purchasers of new or used vehicles who reside outside of the district. Conversely, residents of the district who purchase vehicles from dealers located outside of the district will still be subject to the tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because currently no taxpayers use it.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No regional transportation improvement districts currently impose this tax. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Excise tax data and local tax reference guide

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2002
Primary Beneficiaries:	Regional transportation investment districts
Taxpayer Count:	0
Program Inconsistency:	None evident, except that all other state and local sales taxes other than the public safety tax, apply to motor vehicles
JLARC Review:	No review completed

82.14.450(4) - Local public safety tax on vehicles

Description

Counties are authorized to levy local sales and use taxes of up to 0.3%. One-third of the receipts must be devoted to criminal justice expenditures. The county retains 60% of the receipts and the remainder is shared with cities on a per capita basis. Sales of motor vehicles are exempt from the local tax. Similarly, motor vehicles leases for the first 36 months of the lease period are also exempt.

Purpose

The exemption acknowledges that local vehicle dealers will have to compete with dealers located in adjacent areas where the local tax is not levied.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$7.260	$7.330	$7.590	$7.860

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$6.720	$7.590	$7.860

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate mirrors the new motor vehicle growth rates reflected in the S&P Global Market Intelligence's March 2023 forecast.
- Car dealers are registered and correctly reporting excise taxes.
- Counties continue to levy public safety tax if vehicle exemption is repealed.
- No state impact since this is a local tax.

Data Sources

- Department of Revenue, Excise tax data
- S&P Global Market Intelligence, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Vehicle dealers in the counties that impose the local public safety sales and use tax
Taxpayer Count:	600
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.14.532 - Commercial office space development

Description

A governing authority of a city, located in a county with a population of less than 1.5 million may designate a commercial office space development area within the city's urban center. The city may adopt a local sales and use tax remittance program to incentivize the development of commercial office space within the development area. The city may also establish a local property tax reinvestment program to make public improvements that incentivize the development of commercial office space.

Purpose

Encourage the development of high-quality commercial office space in urban centers outside major metropolitan areas.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this remittance would not increase revenue because currently no taxpayers use it. This exemption is only for local sales tax and therefore a repeal would have no effect on state revenue. The property tax portion of this legislation is not an exemption. It requires local taxing districts to earmark future property taxes collected on a qualifying project, so they are only used for public improvements that incentivize the development of commercial office space.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers currently use this remittance. We expect no usage during the forecasted period of this study.

Data Sources

Department of Revenue, Tax remittance records

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Office building developers
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.32.065 - Returned motor vehicles under warranty

Description

The department will credit or refund to the manufacturers the amount of the tax refunded for returns of a new motor vehicle under the "Lemon Law."

Purpose

Assures that manufacturers are not financially responsible for refunded sales tax.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.052	$0.052	$0.052	$0.052
Local Taxes	$0.023	$0.023	$0.023	$0.023

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.048	$0.052	$0.052
Local Taxes	$0.000	$0.021	$0.023	$0.023

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Zero growth rate due to irregular annual impact.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Attorney General Office, Consumer Protection data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Manufacturers and purchasers of new motor vehicles that are found to be defective
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	Expedited review completed in 2012 and 2019

82.32.558 - Multipurpose sports and entertainment facility deferral

Description

A qualifying business may apply for a deferral of taxes on the following:

- Redevelopment of a multipurpose sports and entertainment facility for professional ice hockey and basketball league franchises.
- Development of an ice hockey practice facility.

The facilities must be owned by the largest city in a county with a population of at least 1.5 million. The recipient must repay, with interest, all deferred state sales and use taxes by June 30, 2023. For local sales and use taxes, the recipient must begin repaying taxes in the first calendar year after the facility becomes operationally complete.

Purpose

Increase the fiscal stability of multipurpose sports and entertainment arenas in Washington, thereby strengthen the economic vitality of the communities in which the arenas and practice facilities are located.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

- This deferral impacts fewer than three taxpayers; any impacts are confidential.
- Repealing this deferral could lead to a loss of local sales tax repayment.

Data Sources

- Department of Revenue, Deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	NHL hockey arena and practice facility
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.32.580 - Museum for historic autos

Description

Provides a sales and use taxes deferral for the site preparation and construction of a historic automobile museum owned and operated by a nonprofit organization, corporation, or association. The museum must maintain and exhibit at least 500 vehicles to the public.

Deferred taxes on the facility will be repaid beginning the tenth year after the project is operationally complete, with subsequent annual payments for the following nine years.

Purpose

Encourage construction of a historic automobile museum in Pierce County.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues for purchases not yet made.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Repealing this deferral does not affect taxes already deferred.
- This project is complete. Deferred sales and use taxes began being repaid in 2022.

Data Sources

- Department of Revenue, Deferral data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Historic automobile museum in Pierce County
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2022

82.32.865; 88.02.620; 88.02.570 - Nonresident entity vessel owners

Description

A vessel owned by a nonresident vessel that is not a natural person (entity-owned) that is brought into the state for no more than six months in any continuous 12-month period is exempt from vessel registration provided the vessel meets one of the following:

- Is currently registered or numbered under the laws of the state of principal use.
- Has been issued a valid number under federal law.

This exemption only applies for the first 60 days of use on Washington waters.

Subject to certain conditions, a nonresident vessel owner that is not a natural person (entity owned) or a nonresident vessel owner who intends to charter the vessel with a captain or crew, may qualify to receive a nonresident vessel permit on or before the 61st day of use in Washington waters.

These owners may only obtain a nonresident vessel permit if:

- The vessel is between 30 and 200 feet in length.
- No Washington resident owns the vessel or is a principal of the nonresident person which owns the vessel.
- The department has provided the nonresident vessel owner written approval authorizing the permit.

This exemption expires January 1, 2029.

Purpose

To expand the economy of the maritime industry in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This exemption impacts fewer than three taxpayers; any impacts are confidential.

82.32.865; 88.02.620; 88.02.570 - Nonresident entity vessel owners

Data Sources

Department of Revenue, Vessel permit and use tax data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2015
Primary Beneficiaries:	Nonresident entity vessel owners
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Upcoming review scheduled in 2025

82.34.050(2); 82.34.060(2) - Pollution control facilities

Description

Construction of required pollution control facilities associated with approved applications received between July 30, 1967, and November 30, 1981, was exempt from sales and use taxes. If sales and use taxes were previously paid, the amount paid may be taken as a credit against B&O, public utility, or use taxes.

Purpose

To encourage abatement of pollution and to compensate Washington businesses for the costs of upgrading pollution control facilities.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	CTI	CTI	CTI	CTI
Local Taxes	CTI	CTI	CTI	CTI

Repeal of exemption

Repealing this credit may increase revenues. However, businesses may argue they have a vested right to take credits authorized under prior law.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	CTI	CTI	CTI
Local Taxes	$0.000	CTI	CTI	CTI

Assumptions

This credit impacts fewer than three taxpayers; any impacts are confidential.

Data Sources

Department of Revenue, Excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1967
Primary Beneficiaries:	Businesses required to install pollution control facilities, primarily in the lumber and wood products, paper, aluminum, and food industries.
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Expedited review scheduled in 2026

82.85.050; 82.85.060 - Manufacturer's job creation (Invest in Washington) pilot program

Description

The Invest in Washington pilot program creates a sales and use taxes deferral for two investment projects per calendar year. The deferral applies to sales and use taxes on up to $10 million in charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment. One project must be in eastern Washington and one project must be in western Washington. Projects approved for a rural deferral cannot receive this deferral; and projects cannot receive multiple pilot program deferrals. This program expires January 1, 2026.

Purpose

To evaluate the effectiveness of investing sales and use taxes from new investments into workforce training programs that support manufacturing businesses and create jobs and capital investments in Washington.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.811	$0.844	$0.433	$0.000
Local Taxes	$0.365	$0.380	$0.194	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. This estimate assumes deferred taxes are due beginning the fifth year after the project has been certified as operationally complete and continues for the next nine years.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$0.774	$0.865	$0.885
Local Taxes	$0.000	$0.348	$0.389	$0.398

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Two projects of average value will be approved each year, one on the east side of the state and one on the west side of the state.
- Growth rate mirrors the construction of industrial buildings growth rate reflected in the S&P Global Market Intelligence's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Department of Revenue, Deferral data
- S&P Global Market Intelligence, March 2023 forecast

82.85.050; 82.85.060 - Manufacturer's job creation (Invest in Washington) pilot program

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Manufacturing businesses
Taxpayer Count:	2 projects per year
Program Inconsistency:	None evident
JLARC Review:	Full review completed in 2021

82.89.030 - Clean technology manufacturing tax deferral

Description

A sales and use taxes deferral is provided for investment projects in clean technology manufacturing, clean alternative fuels production, and renewable energy storage.

Deferred taxes begin to be repaid in the second year after the project is operationally completed and continue for the next nine years.

The state sales tax owed may be reduced:

- By 50% if the Department of Labor and Industries (LNI) certifies that the project includes procurement from and contracts with women, minority, or veteran-owned businesses.
- By 75% if the project meets the 50% reduction criteria and compensates workers at prevailing wages determined by L&I.
- By 100% if LNI certifies that the project is developed under a community workforce agreement or project labor agreement.

Purpose

To build manufacturing capacity for carbon-free electricity and to financially incentivize the use of high labor standards.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$4.401	$4.613	$4.736	$4.851
Local Taxes	$1.979	$2.075	$2.130	$2.181

Repeal of exemption

Repealing this deferral would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$4.229	$4.736	$4.851
Local Taxes	$0.000	$1.902	$2.130	$2.181

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate for qualifying projects mirrors the annual growth for industrial construction reflected in the S&P Global Market Intelligence's March 2023 forecast.
- Recipients of the deferral meet the required labor standards to have 100% of the state sales tax waived.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

82.89.030 - Clean technology manufacturing tax deferral

Data Sources

- Department of Revenue, Deferral data
- S&P Global Market Intelligence, March 2023 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Clean technology manufacturers, those producing clean alternative fuels, and those providing renewable energy storage.
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	No review scheduled, however JLARC is required to provide a report to the legislature by December 31, 2028

82.90.030 - Solar canopy deferral

Description

A sales and use taxes deferral is provided for installing solar canopies. A solar canopy is defined as an elevated structure(s) containing a solar energy system with capacity of one megawatt and an area of at least 50,000 square feet.

Deferred taxes begin to be repaid on December 31st in the second year after the project is operationally completed and continue for the next seven calendar years.

The sales and use taxes owed may be reduced:
- By 50% if the Department of Labor and Industries (LNI) certifies that the project includes procurement from and contracts with women, minority, or veteran-owned businesses.
- By 75% if the project meets the 50% reduction criteria and compensates workers at prevailing wages determined by L&I.
- By 100% if LNI certifies that the project is developed under a community workforce agreement or project labor agreement.

Purpose

To incentivize the construction of solar canopies in Washington to reduce greenhouse gas emissions and boost overall electricity supplies.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$7.238	$8.324	$9.572
Local Taxes	$0.000	$3.255	$3.743	$4.305

Repeal of exemption

Repealing this deferral would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$6.635	$8.324	$9.572
Local Taxes	$0.000	$2.984	$3.743	$4.305

82.90.030 - Solar canopy deferral

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth for solar canopies is 15% per year.
- The first installations will be in fiscal year 2025.
- Including Walmart, Washington has over 200 large retailer locations with parking lots comparable to Walmart Superstores. Washington also houses many large industrial and office headquarters. The average solar canopy installations will be 3.1 megawatts and include eight to 10 projects per year.
- The average cost for solar canopies is $4.6 million per MW.
- Taxpayers receiving a deferral will meet the labor standard requirement to have 100% of the sales and use taxes waived.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

Data Sources

- Deshmukh, S. S., &; Pearce, J. M. (2021, January 15). "Electric vehicle charging potential from retail parking lot solar photovoltaic awnings." Renewable Energy.
- Conniff, Richard, (2021, November 21). "Why putting solar canopies on parking lots is a smart green move." Yale Environment 360.
- "How much do solar carports cost?" (2020), Alternative Energy LLC.
- Maryland Energy Administration, (2021). "Maryland Energy Administration awards $1.6 million for parking lot solar upgrades."

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Businesses installing solar canopies
Taxpayer Count:	8
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.92.090 - Underdeveloped urban land redevelopment deferral

Description

A city with a population of at least 135,000 and not more than 250,000 may create a sales and use taxes deferral program for multifamily housing developed on vacant surface parking lots. To qualify for the deferral, the owner of the vacant parking lot must primarily build multifamily units with at least 50% of those units rented or sold as affordable housing to very low, low, and moderate-income households.

If the property continues to qualify for this deferral for at least 10 years, the sales and use taxes do not need to be repaid. No new applications for deferral may be made after June 30, 2032.

Purpose

To encourage the redevelopment of underdeveloped land in targeted urban areas to provide additional affordable housing.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$1.020	$1.670	$1.720	$1.780
Local Taxes	$0.494	$0.809	$0.836	$0.863

Repeal of exemption

Repealing this deferral would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.531	$1.720	$1.780
Local Taxes	$0.000	$0.742	$0.836	$0.863

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Three cities adopt a resolution to create the deferral and two affordable housing apartment buildings will be built per year on surface parking lots.
- There are 650 apartment buildings with five units or more built each year in Washington.
- The average construction cost of a five-story 50-unit apartment building is $10.5 million.
- Residential buildings with 20 or more units take over 19 months to complete.
- The annual adjustment to construction costs mirrors the annual growth for residential construction of multi-family buildings consumer price index, March 2023 forecast.
- Local revenue estimates use the urban average local sales and use tax rate of 3.16%.

82.92.090 - Underdeveloped urban land redevelopment deferral

Data Sources

- Office of Financial Management, Population data
- S&P Global Market Intelligence, March 2023
- Falcone, J. A., & Nott, M. A. (2019). Estimating the presence of paved surface parking lots in the conterminous U.S. from land use coefficients for 1974, 1982, 1992, 2002, and 2012 [Data set]. U.S. Geological Survey
- U.S. Census Bureau, "Building Permits Survey."
- Pagano, M. and Bowman, A. (2020, December) "Vacant Land in Cities: An Urban Resource." The Brookings Institution.
- "How Much Does it Cost to Build an Apartment Building?" (2021, July 8). Retrieved January 12, 2022.

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Land developers
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	No review completed

82.94.020; 82.94.030 - Manufacturing deferral in designated counties

Description

A sales and use taxes deferral is provided for qualified investment projects located in counties with a population less than 650,000. The total deferral amount per person is limited to $400,000.

The deferred taxes need not be repaid if the recipient utilizes the qualified project as a manufacturing or research and development operation for the seven calendar years following the project completion date.

If the project is not completed within five years or not utilized for manufacturing or research and development for seven years, then a portion of the deferred taxes are due immediately.

Purpose

To create employment opportunities and generally spur economic development in counties located outside of the central Puget Sound region.

Taxpayer savings

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$2.070	$2.052	$2.066	$2.072
Local Taxes	$0.678	$0.672	$0.677	$0.679

Repeal of exemption

Repealing this deferral would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2024	FY 2025	FY 2026	FY 2027
State Taxes	$0.000	$1.881	$2.066	$2.072
Local Taxes	$0.000	$0.616	$0.677	$0.679

Assumptions

- This repeal takes effect July 1, 2024, and impacts 11 months of collections in fiscal year 2025.
- Growth rate for qualifying projects mirrors the annual growth for non-residential investment in research and development and private investment in industrial facilities reflected in the S&P Global Market Intelligence's March 2023 forecast.
- Local revenue estimates use the statewide average local sales and use tax rate of 2.92%.

82.94.020; 82.94.030 - Manufacturing deferral in designated counties

Data Sources

- Department of Revenue, Excise tax data
- S&P Global Market Intelligence, March 2023 forecast
- Office of Financial Management, April 2022 population data
- Bureau of Labor Statistics, Employment data
- Bureau of Economic Analysis, Fixed asset data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2022
Primary Beneficiaries:	Businesses engaged in manufacturing or research and development activities
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	No review completed