Chapter 20
Retail Sales and Use Tax

36.100.090 - Baseball stadium deferral

Description

Provides a sales and use tax deferral on the original construction of a public baseball stadium that:

- Is owned and operated by a public facilities district;
- Has a retractable roof; or,
- Has natural turf.

The construction of Safeco Field was completed in January 2000, and the repayments of deferred sales and use taxes were completed in 2014.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 public facilities district has repaid the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 is using this deferral.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Public facilities districts
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

36.102.070 - Football stadium deferral

Description

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

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

Deferred sales tax is repayable over a ten-year period, starting five years after the stadium becomes operational. Qwest Field and its exhibition center, which qualified for the deferral, were complete in 2002. Repayment began in 2007.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 public stadium authority is repaying the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 is using this deferral.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Public stadium authorities
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

47.01.412 - Highway 520 bridge replacement

Description

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

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

Repayment of the deferred taxes begins the fifth year after the project is complete, and continues for the following nine years.

Purpose

Encouraged replacement of the 520 bridge.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. This estimate assumes currently deferred taxes are due beginning the fifth year after the repeal, and continuing for the next nine years. Currently, repayments of deferred taxes begin in 2021.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Repayment of deferred taxes begin in Fiscal Year 2021 and continue for the next nine years.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Currently Washington State Department of Transportation, plus one other entity
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

47.46.060 - 2nd Narrows bridge

Description

A ten year deferral of state and local retail sales tax for the tax due on construction of the second bridge over Puget Sound at the Tacoma Narrows. The deferral includes related road improvements and the rental of equipment used during construction. Ten percent of the deferred tax must be repaid annually beginning on December 31 of the 24th year following the certified completion of the project. Payments beginning on December 31, 2031.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 result in increased revenues. The deferred taxes are scheduled to be repaid beginning December 31, 2031.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 that have already received the deferral under existing law.
- Deferral will begin being paid back in the 24th year after the project has been certified operationally complete by the Department of Revenue (Fiscal Year 2032).

Data Sources

2ESSB 5987 (2015), Sec. 405

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

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, and therefore they are included in this report.

Purpose

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

- To maintain simplicity by taxing only one class of property, 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; and,
- A recognition that services did not represent a very large share of the state economy in the 1930s.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$4,058.965	$4,148.468	$4,592.234	$4,836.302
Local Taxes	$2,298.480	$2,489.779	$2,690.442	$2,834.303

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$3,802.755	$4,592.234	$4,836.302
Local Taxes	$0.000	$2,282.303	$2,690.442	$2,834.303

Assumptions

- Under the service category "Banking - deposit account service packages, and loan services" mortgage interest will be subject to sales tax.
- Some satellite and cable services are subject to sales tax. This includes services such as pay-per-view for satellite providers. The majority of potential revenue from imposing sales tax on satellite and cable would be from subscription fees for access to channels.

- Due to federal laws, local sales tax cannot be imposed on satellite television subscriptions. This estimate does not include estimates for local sales tax on satellite television subscriptions.
- For some industries there is a lower compliance factor.
- Some industries are subject to the higher education business and occupation tax surcharge created in E2SHB 2158, 2019.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- 2012 Economic Census data from the U.S. Census Bureau
- Washington State Economic and Revenue Forecast Council November 2018
- Department of Revenue excise tax data
- Department of Revenue Audit Division staff regarding the volume of sales for resale occurring in the service industry

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Individuals and businesses that purchase personal and professional services
Taxpayer Count:	184,000
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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

Description

The definition of retail sale excludes property used in the production of ferrosilicon which is then used to produce 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No businesses currently use this exemption and none are expected to use it in the future.

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:	JLARC completed an expedited report in 2012

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$30.201	$30.805	$31.421	$32.049
Local Taxes	$13.131	$13.393	$13.661	$13.934

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$28.238	$31.421	$32.049
Local Taxes	$0.000	$11.161	$13.661	$13.934

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021
- Purchases of telecom equipment to provide to telephone service consumers will grow by 2 percent per year.
- Retail sales tax exemption would apply to telecom companies purchasing equipment for resale to consumers. Such items include cell phones, routers and modems. These types of items are taxable under wholesaling B&O.
- One quarter of telecom expenditures are for resale.

Data Sources

- Department of Revenue excise tax data
- Washington IMPLAN data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1981
Primary Beneficiaries:	Providers of telecommunication services
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

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 retail 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$42.518	$44.016	$45.531	$47.069
Local Taxes	$18.522	$19.175	$19.835	$20.505

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$40.348	$45.531	$47.069
Local Taxes	$0.000	$17.577	$19.835	$20.505

Assumptions

None.

Data Sources

- Warranty Week, Fifteenth Annual Product Warranty Report
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Purchasers of extended warranties
Taxpayer Count:	30,000
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.04.050(2)(a) - Laundry services for nonprofit health care facilities

Description

Charges for laundry service for nonprofit health care facilities are exempt from retail sales tax. As a result, laundry businesses that provide services for nonprofit health care facilities are subject to B&O tax under the service classification.

Purpose

Indirectly reduces the cost of health care.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.249	$2.249	$2.249	$2.249
Local Taxes	$1.162	$1.162	$1.162	$1.162

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.062	$2.249	$2.249
Local Taxes	$0.000	$1.065	$1.162	$1.162

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Lower B&O tax rate included in estimate.
- Assume zero growth.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1973
Primary Beneficiaries:	Nonprofit health care facilities
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

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

Description

The definition of retail sales excludes charges for the use 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$5.290	$5.719	$6.183	$6.684
Local Taxes	$2.478	$2.679	$2.897	$3.132

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.564	$3.024	$3.270
Local Taxes	$0.000	$1.292	$1.524	$1.647

Assumptions

- Growth rate reflects the average growth rate for Self-Service Laundry Facilities (NAICS 812310) service and other activities B&O tax.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Compliance rate of 13 percent for "on-site" laundry facilities.

Data Sources

- U. S. Energy Administration 2015 Residential Energy Consumption Survey
- U. S. Census Bureau 2013-2017 American Community Survey 5-Year
- EstimatesPlanetlaundry.com
- Fiscal Year 2014-2018 Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2005
Primary Beneficiaries:	Self-Service laundry facilities
Taxpayer Count:	215 (active reporters)
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

82.04.050(2)(d) - Janitorial services

Description

Retail sales tax does not apply on sales of janitorial services. The statute specifically excludes janitorial services from the definition of a retail sale, which makes them a non-retail service. A business providing janitorial services is subject to the Service and Other B&O tax classification of 1.5 percent. 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 rugs, drapes and upholstery in the building.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$41.170	$43.415	$45.704	$48.148
Local Taxes	$22.144	$23.352	$24.583	$25.897

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$39.797	$45.704	$48.148
Local Taxes	$0.000	$21.406	$24.583	$25.897

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- U.S. Census Bureau 2012 Economic Census data
- Washington State Economic and Revenue Forecast Council November 2018
- Department of Revenue excise tax data and Audit Division information regarding the volume of sale for resale occurring in the service industry

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2000
Primary Beneficiaries:	Janitorial service firms and their customers
Taxpayer Count:	18,300
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

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 cultivation of vegetables, fruits, grains, field crops, ornamental horticulture, nursery products, as well as soil preparation, crop cultivation and harvesting services.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$11.062	$11.615	$12.196	$12.805
Local Taxes	$3.000	$3.150	$3.308	$3.473

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$10.647	$12.196	$12.805
Local Taxes	$0.000	$2.625	$3.308	$3.473

Assumptions

- Seventy percent of USDA 2012 Census of Agricultural data for Washington agricultural custom work includes horticultural services performed for farmers.
- Five percent growth based on past four Agriculture Census data.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- U. S. Department of Agriculture 2017 census data
- 2015 Joint Legislative Review and Audit

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1993
Primary Beneficiaries:	Farmers who receive horticultural services
Taxpayer Count:	5,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

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 of 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 tax liability of these activities in light of the extension of sales tax to landscaping services in 1993 in that 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$5.705	$5.933	$6.171	$6.417
Local Taxes	$2.947	$3.065	$3.187	$3.315

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$5.439	$6.171	$6.417
Local Taxes	$0.000	$2.554	$3.187	$3.315

Assumptions

Activities are subject to business and occupation tax under the service classification.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1995
Primary Beneficiaries:	Firms that prune trees and brush under electric power transmission lines and the power companies that contract their services
Taxpayer Count:	Potentially 1000 landscaping businesses
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review 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. Instead, people who produce customized software are subject to B&O tax under the service & other classification.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$98.460	$103.870	$109.380	$115.190
Local Taxes	$42.900	$45.200	$47.600	$50.200

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$63.950	$75.880	$79.890
Local Taxes	$0.000	$41.500	$47.600	$50.200

Assumptions

- Repealing makes customized computer software subject to retail sales tax.
- The repeal passes effective July 1, 2020, impacting 11 months of cash collections in Fiscal Year 2021.

Data Sources

Services model and other Department data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1998
Primary Beneficiaries:	Buyers of custom and customized canned software
Taxpayer Count:	11,600
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

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 retail sales and use tax on materials incorporated into the project. The exclusion does not extend to roads owned by the state. Sales and use tax is due on 100 percent of road construction that occurs on state roads.

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 impact of the sales and use tax on materials is indirectly passed on to the federal government. The exemption for labor and services for local road construction helps reduce the cost for local jurisdictions.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$150.370	$151.332	$154.359	$155.578
Local Taxes	$65.375	$65.793	$67.109	$67.639

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. However, the federal government would not be taxed. Keep in mind that the federal government no longer owns any roads.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$138.721	$154.359	$155.578
Local Taxes	$0.000	$60.311	$67.109	$67.639

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Washington State Department of Transportation

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

Additional Information

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

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 that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$88.933	$91.601	$94.349	$97.180
Local Taxes	$24.123	$24.846	$25.592	$26.360

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$83.968	$94.349	$97.180
Local Taxes	$0.000	$20.705	$25.592	$26.360

Assumptions

- Three percent annual growth.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Census of Agriculture, 2017 and National Agricultural Statistical Services data

Additional Information

Additional Information	
Category:	Other
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:	JLARC completed a full review in 2009

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 that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$82.792	$86.932	$91.278	$95.842
Local Taxes	$22.457	$23.580	$24.759	$25.997

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$79.688	$91.278	$95.842
Local Taxes	$0.000	$19.650	$24.759	$25.997

Assumptions

- Five percent growth in cost of sprays and fertilizers.
- Local rural tax rate is equal to 1.7631 percent.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

2017 U. S. Department of Agriculture's Agriculture Census data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Agricultural producers
Taxpayer Count:	Over 37,000 Washington Farms, actual taxpayer count is unknown.
Program Inconsistency:	Sales tax exemption helps encourage using fertilizers and chemical sprays in agriculture. Chapter 70.95C RCW implements a program directed toward reducing hazardous substances, including agricultural fertilizers and pesticides having adverse environmental impacts.
JLARC Review:	JLARC completed a full review in 2011

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.018	$0.018	$0.018	$0.018
Local Taxes	$0.005	$0.005	$0.005	$0.005

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.016	$0.018	$0.018
Local Taxes	$0.000	$0.004	$0.005	$0.005

Assumptions

- Pollination is performed by leaf cutter bees.
- Most farmers rent hives. Rental hives are not subject to sales tax so this exemption covers bees purchased for pollination.
- Most bees are purchased online or from other beekeepers.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Washington State Department of Agriculture crop data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1953
Primary Beneficiaries:	Farmers that purchase leaf-cutter bees for pollination purposes
Taxpayer Count:	Less than 1,000 farms
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

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 retail sales and use tax. Also excluded are charges for moving earth and clearing land for these jurisdictions. The contractor must pay retail sales and use tax 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 tax 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$66.665	$66.665	$66.665	$66.665
Local Taxes	$23.835	$23.835	$23.835	$23.835

Repeal of exemption

Repealing this exemption would not increase revenues. Most of the impact represents federal construction which would not be taxed.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Washington State cannot impose taxes on the federal government, so potential revenue gain is zero.

Data Sources

- Washington State Department of Transportation
- Fedspending.org

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1975
Primary Beneficiaries:	U.S. government and municipal housing authorities
Taxpayer Count:	151
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2012

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 (R.T.A.) pursuant to a maintenance contract are exempt from retail 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.974	$4.058	$4.144	$4.231
Local Taxes	$1.728	$1.764	$1.802	$1.840

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$3.716	$4.144	$4.231
Local Taxes	$0.000	$1.470	$1.802	$1.840

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rate of 2 percent annually.

Data Sources

Sound Transit financial documents, https://www.soundtransit.org/get-to-know-us/documents-reports/financial?filter=topic&590=596

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Regional Transit Authority
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

82.04.062 - Precious metals and bullion

Description

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

Purpose

To provide tax relief to coin and bullion dealers who experience competition from dealers in other states that do not levy retail sales tax on such transactions, and to recognize the increasing frequency of these transactions over the Internet.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.384	$2.465	$2.548	$2.632
Local Taxes	$1.037	$1.072	$1.108	$1.144

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.259	$2.548	$2.632
Local Taxes	$0.000	$0.982	$1.108	$1.144

Assumptions

- Taxpayers using this exemption are properly reporting retail sales deduction on their excise tax returns and not just excluding from gross income.
- Growth rates used in this estimate are same as for all retail sales. Price of precious metals is extremely volatile and no source reliably predicts the price six years into the future.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Sellers and purchases of precious metals and bullion
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

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, 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, as long as the human effort originated after the customer requested the service.

This exclusion does not apply to amounts received by photographers for taking photographs transferred digitally to the customer, as long as the customer is the end user. These payments are considered to be for the sale of digital goods, and are subject to retail sales tax and retailing B&O 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repeal of this exemption would result in a net increase in revenues, resulting from a decrease in B&O tax revenue and an increase in retail sales tax revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Repealing this preference would have a large, but indeterminate impact. Repealing the exemption would increase revenue from an increase in retail sales tax and decrease in B&O tax revenue.

Data Sources

Department of Revenue staff

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

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:	Not reviewed by JLARC

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 retail sales 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$188.035	$202.089	$217.195	$233.429
Local Taxes	$81.750	$87.861	$94.428	$101.486

Repeal of exemption

Repealing this exemption would reduce revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$138.956	$165.759	$178.113
Local Taxes	$0.000	$80.539	$94.428	$101.486

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- Amounts in this estimate only include 70% of the income reported under service and other activities B&O tax by businesses 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.
- Growth rate used is the average growth rate for this income for the last five years.
- 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue FY 2014-2018 excise tax return data
- Economic and Revenue Forecast Council's March 2019 forecast
- CNBC - 80% of the stock market is now on autopilot
- CNN Business - Machines are driving Wall Street's wild ride, not humans

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

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers and sellers of financial instruments and those transferring money
Taxpayer Count:	2,400
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$8.231	$8.680	$9.137	$9.626
Local Taxes	$3.579	$3.774	$3.973	$4.185

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$6.349	$7.409	$7.804
Local Taxes	$0.000	$3.459	$3.973	$4.185

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- There are 6,869 ATMs in Washington.
- Average yearly fee income per ATM for 2018 is $17,082.Growth rate based on March 2019 forecast for service and other activities B&O.
- Fee income from ATMs is the only revenue source included in this estimate.

Data Sources

- Economic and Revenue Forecast Council's March 2019 forecast
- Starting a Passive ATM Business, Cameron Keng - Forbes (5/10/2018)
- Survey: ATM fees hit a record high for the 14th year in a row, Amanda Dixon - Bankrate (10/10/2018)
- Email from Dr. Christopher Baynard, Associate Professor and Co-Director, Center for Economic and GIS Research - University of North Florida (5/22/2019)

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

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2009
Primary Beneficiaries:	Individuals that withdraw cash from an ATM
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$139.179	$144.272	$149.467	$154.841
Local Taxes	$60.510	$62.724	$64.983	$67.319

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$99.200	$114.070	$118.148
Local Taxes	$0.000	$57.497	$64.983	$67.319

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- 11 months of collection for Fiscal Year 2021.
- 3.1% annual growth rate for the payment processing industry.

Data Sources

- Economic and Revenue Forecast Council's March 2019 forecast
- IBIS World, Credit Card & Money Transferring Industry in the US (April 2019)

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses which participate in payment processing
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 pari-mutuel wagering and handicapping contests as authorized by chapter 67.16 RCW. As a result, pari-mutuel wagering and handicapping contests as authorized by chapter 67.16 RCW are exempt from retail sales tax.

Purpose

To decrease costs for management of online gambling.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.069	$0.072	$0.075	$0.078
Local Taxes	$0.030	$0.031	$0.033	$0.034

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.053	$0.061	$0.064
Local Taxes	$0.000	$0.029	$0.033	$0.034

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Online sources for gambling
- Economic Revenue and Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Online software betting vendors
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 as defined in RCW 82.04.065. While not taxable as digital automated services, telecommunications services and ancillary services as defined in RCW 82.04.065 are retail sales under RCW 82.04.050(5). Charges for these services are subject to retail sales tax.

Purpose

To decrease costs for telecommunications and supporting services.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- These businesses are subject to the higher education B&O tax surcharge created in E2SHB 2158, 2019.
- Due to the difficulty with separating digital automated service from other service taxable income, this estimate is indeterminate.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses which participate in digital automated travel agent services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 defined in RCW 82.04.297. As a result, charges for the internet and internet access as defined in RCW 82.04.297 are not subject to retail sales tax.

Purpose

To decrease costs for internet and internet services.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$142.712	$148.726	$154.957	$161.387
Local Taxes	$62.046	$64.660	$67.369	$70.165

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$108.772	$125.662	$130.851
Local Taxes	$0.000	$59.272	$67.369	$70.165

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Economic Revenue and Forecast Council's March 2019 forecast
- BISWorld.com

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Customers receiving internet services
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 a:

- Public or private elementary or secondary school; or,
- 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 be encompassed within the institution's accreditation.

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

Purpose

Decrease taxes for online educational programs.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- Charges for online educational programs at institutions of higher education are included in tuition costs. Tuition costs are subject to service and other B&O tax, not subject to retail sales tax. There is no benefit to students of qualifying higher education institutions.
- There are minimal charges to students for online educational programs provided by public and private elementary schools.
- As a result of the assumptions above there are minimal taxpayer savings.

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

Data Sources

Department of Revenue staff

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Private and public schools, and qualifying institutions of higher education
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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. Live presentations via the Internet or telecommunications equipment are excluded from this definition, are subject to service and other activities B&O 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$121.240	$127.852	$134.591	$141.788
Local Taxes	$52.711	$55.585	$58.515	$61.644

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$93.506	$109.143	$114.957
Local Taxes	$0.000	$50.953	$58.515	$61.644

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate. Thirty five percent of Washington businesses perform webinars.
- On average, a business will perform 23 webinars per year, have an average attendance of 25 students per webinar, and charge an average of $76. Of these webinars, 65 percent meet the definition of "live presentation" provided in RCW 82.04.192(3)(b)(x).
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021

Data Sources

- March 2019 forecast - Economic and Revenue Forecast Council
- "B2B Content Marketing 2018 Benchmarks, Budgets, and Trends - North America" (9/27/2017) and email (6/11/2019), Content Marketing Institute"
- The 2017 Big Book of Webinar Stats" – GoToWebinar
- "Webinar Pricing Data" - Jeff Cobb, Leading Learning"2018 Webinar Benchmarks" - ON24
- Employment Security Department
- Department of Revenue excise tax 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:	61,000
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales tax.

Purpose

To decrease taxes for travel agent services.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$8.728	$9.096	$9.477	$9.870
Local Taxes	$3.795	$3.954	$4.120	$4.291

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$7.017	$7.977	$8.307
Local Taxes	$0.000	$3.625	$4.120	$4.291

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic Revenue and Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses providing electronic travel agent services
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.04.192(3)(b)(xii) - Digital automated service - Online marketplace activites and services

Description

Digital automated services are retail sales. 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 retail sales tax.

Purpose

To decrease taxes for online marketplace activities and services.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$146.017	$158.122	$171.231	$185.426
Local Taxes	$63.483	$68.746	$74.445	$80.616

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$115.644	$138.855	$150.338
Local Taxes	$0.000	$63.017	$74.445	$80.616

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- 11 months of collections in Fiscal Year 2021.
- Estimate amounts based on service and other B&O tax reported by known marketplace businesses. These amounts could include revenue from other activities. It is possible companies performing these activities were not included.
- Growth rate used is the yearly growth rate from 2017.

Data Sources

Department of Revenue Fiscal Year 2014-2018 excise tax return data

82.04.192(3)(b)(xii) - Digital automated service - Online marketplace activites and services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Users, providers of online marketplace activities and services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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; and,
- Advertising services do not include web hosting services and domain name registration.

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

Purpose

To decrease costs for advertising services.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$170.758	$177.954	$185.410	$193.104
Local Taxes	$74.239	$77.367	$80.609	$83.954

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$130.148	$150.357	$156.567
Local Taxes	$0.000	$70.920	$80.609	$83.954

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- The impact to the performance audit account is minimal.

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

Data Sources

- Economic Revenue and Forecast Council's March 2019 forecast
- Vox.com

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Customers purchasing items that include advertising services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales and use tax. 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 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$15.453	$15.898	$16.355	$16.826
Local Taxes	$6.718	$6.912	$7.111	$7.315

Repeal of exemption

Repeal of this exemption would result in a net increase in revenues, resulting from a decrease in B&O tax revenue and an increase in retail sales tax revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$11.627	$13.263	$13.642
Local Taxes	$0.000	$6.336	$7.111	$7.315

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- 11 months of collection for Fiscal Year 2021.
- One-quarter of taxpayers in the NAICS provide exempted services to their customers; for the retail sales and use tax, the taxpayer count describes the number of businesses we estimate sell exempted services, not the number of customers who benefit from the exemption.
- To estimate the amount of web hosting services purchased by Washington customers, as a percentage of the same for the U.S., the number of Washington Internet users as percentage of the U.S. total was used.
- Similarly, to estimate the amount of web hosting services purchased by U.S. customers, as a percentage of the same worldwide, the number of U.S. Internet users as percentage of the worldwide total was used.
- Amount spent on IT storage spending, as reported by Statista.com, includes cloud storage services. 20% of gross sales for web hosting, file storage and cloud services qualify for the exemption, by meeting the definition of "mere storage," as required in statute.

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

Data Sources

- Department of Revenue excise tax data (FY2018), source for taxpayer count
- U.S. Census Bureau: Computer and Internet Access in the U.S.: 2012 source for Internet usage statistics.
- International Telecommunications Union: worldwide Internet usage statistics.
- IbisWorld (2019) U.S. Internet Hosting Services Industry is source for worldwide sales figures for web hosting services and corresponding growth rates.
- Statista.com (2016). Forecast information technology (IT) storage spending worldwide from 2013 to 2019 (in billion U.S. dollars). Source for estimated sales figures for IT storage and cloud storage and corresponding growth rates.

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of storage, hosting and backup services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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, data processing services are excluded 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.

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$15.895	$16.372	$16.862	$17.368
Local Taxes	$6.911	$7.118	$7.331	$7.551

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$12.003	$13.707	$14.116
Local Taxes	$0.000	$6.525	$7.331	$7.551

Assumptions

- Estimate reflects the gain from repealing the sales tax exemption less the B&O change from businesses paying the retailing rather than service rate.
- 11 months of collections for Fiscal Year 2021.
- Growth rate used in this estimate is the growth rate for service and other activities, NAICS 541214, for the last four years.
- Data used in this estimate was service and other activities B&O tax amounts reported by businesses assigned NAICS 541214 (Payroll Services). It is possible this amount includes services which qualify for this exemption and unrelated amounts. It is likely payroll processing services are performed by businesses not assigned to this NAICS code, they were not captured in this estimate.
- Data for businesses 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 combined with other activities. Taxable amounts for these services were not included in this estimate and these taxpayers were not included in the taxpayer count.

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

Data Sources

Department of Revenue Fiscal Year 2014-2018 excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Data processing businesses
Taxpayer Count:	140
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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

Description

Items purchased for the production of plantation Christmas trees are exempt from retail sales and use tax because plantation Christmas trees are included in the definition of agricultural products. The definition of retail sale in RCW 82.04.050(11)(b) excludes 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.488	$0.488	$0.488	$0.488
Local Taxes	$0.212	$0.212	$0.212	$0.212

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.447	$0.488	$0.488
Local Taxes	$0.000	$0.177	$0.212	$0.212

Assumptions

- Christmas trees cost $5 in taxable expenditures from planting to harvest.
- Christmas tree production/harvest remains consistent from year to year, so estimate assumes no growth.
- There are 250 Christmas tree growers in Washington.
- Approximately 1.5 million Christmas trees harvested in Washington (2016).
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Pacific Northwest Christmas Tree Association, statistics www.pnwcta.org
- http://arec.oregonstate.edu/oaeb/files/pdf/AEB0001.pdf

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Growers of plantation Christmas trees
Taxpayer Count:	250 growers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$162.242	$163.865	$165.555	$167.158
Local Taxes	$67.913	$68.592	$69.278	$69.971

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$150.231	$165.555	$167.158
Local Taxes	$0.000	$62.876	$69.278	$69.971

Assumptions

- Assume growth of one percent per year.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

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:	1,289
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

82.08.010(1)(b) - Cash discounts

Description

Cash, term, or coupon discounts taken by a purchaser, and not reimbursed to the seller by a third party are not included in the definition of sales price. As a result, sellers may deduct discounts taken by the purchases in determining the amount of retail sales tax due.

Purpose

To avoid taxing sellers on income they did not actually receive from purchasers.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Although taxpayers who use accrual-based accounting report this deduction and thus, experience savings, the state would not achieve revenue gains if the deduction is repealed. This is because taxpayers using cash basis accounting do not need to use the deduction; they report the actual amount received at the time of sale. Thus, taxpayers who use accrual-based accounting would likely switch to cash basis accounting if the deduction is repealed.

Data Sources

Joint Legislative Audit and Review Committee (JLARC) Report 09-11: 2009 Full Tax Preference Performance Reviews. (pp. 43-48)

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1935
Primary Beneficiaries:	Businesses that offer cash discounts to purchasers
Taxpayer Count:	4,044
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.0203 - Trail grooming services

Description

Sales of trail grooming services to the state of Washington or nonprofit corporations organized under chapter 24.03 RCW 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.195	$0.202	$0.209	$0.215
Local Taxes	$0.085	$0.088	$0.091	$0.094

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.185	$0.209	$0.215
Local Taxes	$0.000	$0.073	$0.091	$0.094

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rate derived from March 2019 Economic and Revenue Forecast Council.

Data Sources

Washington State Parks and Recreation Commission trail grooming and snow removal budget 2018-19, Jason Goldstein, Operations Manager, Winter Recreation

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	State of Washington and nonprofit organizations which operate cross-country ski trails
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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

Description

Sales of waste vegetable oil used by a person to produce biodiesel for personal use are exempt from the retail sales and use tax.

Purpose

To support production of alternative fuels.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.563	$0.563	$0.563	$0.563
Local Taxes	$0.245	$0.245	$0.245	$0.245

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.516	$0.563	$0.563
Local Taxes	$0.000	$0.204	$0.245	$0.245

Assumptions

- Value of waste vegetable oil is $2 per gallon.
- Value of waste vegetable oil varies with price of gasoline, no growth over time.

Data Sources

U.S. Energy Information Administration
https://www.eia.gov/biofuels/biodiesel/production/biodiesel.pdf

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Small scale biodiesel producers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.0206 - Working families tax remittance

Description

The working families' tax exemption is an exemption from the prior year's state retail sales tax for eligible persons based on the person's federal earned income tax credit (EITC). However, the "working families' tax exemption" is contingent on the legislature approving the exemption in the state omnibus appropriations act for each fiscal period.

Persons claiming the exemption must apply to the Department of Revenue. The Department will remit exempted amounts to eligible persons who submitted applications. Remittances are equal to 10 percent of the granted federal EITC or $50, whichever is greater.

An eligible person:

- Is an individual, or an individual and his or her spouse if they file a federal joint income tax return;
- Is eligible for, and is granted, the federal EITC;
- Properly files a federal income tax return as a Washington resident; and,
- Has been a resident of the State of Washington more than 180 days of the year for which the exemption is claimed.

Purpose

Results in a less regressive tax system.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

When legislatively approved, repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This program has not been funded by the legislature.

Data Sources

None

82.08.0206 - Working families tax remittance

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Washington residents
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.0207; 82.12.0207 - Adaptive veteran housing

Description

An exemption may be granted for the retail sales and use tax paid on materials and labor used to construct adapted housing for disabled veterans, in the form of a remittance.

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

Purpose

To provide specific financial relief for disabled veterans.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no taxpayers taking advantage of this incentive.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.0208; 82.12.0208 - Digital codes

Description

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

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Revenue impact for this exemption is indeterminate but it believed to be minimal.

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:	Not reviewed by JLARC

82.08.02081; 82.12.02081 - Audio or video programming by broadcasters

Description

Audio and video programming by radio and television broadcasters is exempt from the retail and sales use taxes. However, pay-per-program sales or charges for access to a library of programs are subject to retail sales and use taxes.

Purpose

To provides uniformity and consistency in the treatment of digital media.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.672	$2.757	$2.824	$2.865
Local Taxes	$1.162	$1.199	$1.228	$1.245

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.528	$2.824	$2.865
Local Taxes	$0.000	$1.099	$1.228	$1.245

Assumptions

- Sellers are reporting an "Other" deduction on their excise tax return for audio or video programming by broadcasters and are including the term "02081", "509", "broadcast", "radio", "cable" or "PPV" in the description for at least one period. It is possible taxpayers are taking the deduction using other terms in their deduction explanation, which means they are not included in the data.
- Growth rate based on Economic and Revenue Forecast Council March 2019 forecast for investment in intellectual property products.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Radio and TV broadcasters
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.02082; 82.12.02082 - Digital goods or automated services for the public

Description

Purchases of digital goods and digital automated services are exempt from retail 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.457	$0.473	$0.489	$0.505
Local Taxes	$0.199	$0.206	$0.213	$0.220

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.434	$0.489	$0.505
Local Taxes	$0.000	$0.189	$0.213	$0.220

Assumptions

- Sellers are reporting an "Other" deduction on their excise tax return for sales of digital goods or automated services for the public and are including the term "free", "public", "504", and/or "02082" in the description. It is possible there are taxpayers taking a deduction based on sales of digital goods or automated services for the public which are using other terms in their deduction explanation, which would mean they are not included in this data.
- Growth rate is based on Economic and Revenue Forecast Council March 2019 forecast for retail sales.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council’s March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Taxpayers providing digital content for free
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.02087; 82.12.02087 - Digital goods and services for business purposes

Description

Digital goods purchased solely for business purposes are exempt from retail sales and use tax.

Purpose

To promote uniformity and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.320	$1.367	$1.413	$1.460
Local Taxes	$0.574	$0.594	$0.614	$0.635

Repeal of exemption

The repeal this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.253	$1.413	$1.460
Local Taxes	$0.000	$0.545	$0.614	$0.635

Assumptions

- Sellers are reporting an "Other" deduction on their excise tax return for sales of digital goods and services for business purposes and are including the term "purpose", "standard", "505", and/or "02087" in the description. It is possible there are taxpayers taking a deduction based on sales of digital goods and services for business purposes which are using other terms in their deduction explanation, which would mean they are not included in this data.
- Growth rate is based on Economic and Revenue Forecast Council March 2019 forecast for retail sales.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses buying and selling digital goods
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.02088; 82.12.02088 - Digital goods and services for multiple points of use

Description

Digital goods, digital codes, digital automated services, prewritten computer software, and services which are concurrently used by a business or other organization both within Washington and outside the state are exempt from retail 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$7.250	$7.503	$7.758	$8.014
Local Taxes	$3.152	$3.262	$3.373	$3.484

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$6.878	$7.758	$8.014
Local Taxes	$0.000	$2.990	$3.373	$3.484

Assumptions

- Sellers are reporting an "Other" deduction on their excise tax return for sales of digital goods and services for multiple points use and are including the term "MPU", "Multiple Point", "458-20-15503(507)", and/or "02088" in the description. It is possible there are taxpayers taking a deduction based on multiple points of use which are using other terms in their deduction explanation, which would mean they are not included in this data.
- A business or other organization subject to use tax on digital products or digital codes that are concurrently available for use within and outside this state is entitled to apportion the amount of tax due this state based on users in this state 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 2019 forecast for Washington and U.S. employment.
- Growth rate is based on Economic and Revenue Forecast Council March 2019 forecast for retail sales.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

82.08.02088; 82.12.02088 - Digital goods and services for multiple points of use

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

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:	Not reviewed by JLARC

82.08.0251 - Casual sales

Description

Persons not otherwise engaged in business activities are not required to collect retail sales tax 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 retail sales tax collection and reporting to business entities. Also, the exemption recognizes the practical problems associated with locating and registering casual sellers.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.814	$0.838	$0.860	$0.882
Local Taxes	$0.154	$0.157	$0.159	$0.160

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.454	$0.513	$0.531
Local Taxes	$0.000	$0.007	$0.008	$0.008

Assumptions

- All casual sales eligible to be reported by registered businesses are reported as a deduction under retailing B&O or wholesaling B&O.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Compliance rate of 5 percent for sales by individuals, for all years.
- Not all sales by individuals are captured in this estimate.

Data Sources

- H&R Block; “Garage Sale Money and Capital Gains: What You Should Report to the IRS”
- U.S. Census Bureau; “Census Bureau Projects U.S. Population of 312.8 Million on New Year's Day”
- Washington State Office of Financial Management; “November 2018 State Population Forecast”
- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's March 2019 forecast

82.08.0251 - Casual sales

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Businesses that sell items outside their general scope of business. Individuals that sell products at garage or yard sales.
Taxpayer Count:	509 (taxpayers reporting casual sales)
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.0252 - Sales subject to public utility tax

Description

Sales subject to the public utility tax are exempt from retail sales tax. This affects only the distribution or sale of tangible personal property that would otherwise be subject to sales taxes, particularly natural gas, electricity, and water.

Purpose

Without the exemption these activities would be subject to both the public utility tax and to sales taxes which may be viewed as double taxation. The public utility tax is considered a tax on consumers of utility services even though the provider of the service pays the tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$701.279	$731.034	$760.852	$792.209
Local Taxes	$304.890	$317.826	$330.790	$344.423

Repeal of exemption

The repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$670.114	$760.852	$792.209
Local Taxes	$0.000	$291.341	$330.790	$344.423

Assumptions

- 11 months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.
- Estimated tax savings is not a net taxpayer savings (sales tax saved minus public utility tax paid).
- Taxpayer savings reflect only the sales tax amount.
- Impacts 1030 taxpayers.

Data Sources

- Department of Revenue excise tax returns
- Economic Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1935
Primary Beneficiaries:	Public utilities and their customers
Taxpayer Count:	1,030
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

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 retail sales and use tax.

The exemption applies to documents provided under the Public Records Act when no fee is charged 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.074	$0.074	$0.074	$0.074
Local Taxes	$0.032	$0.032	$0.032	$0.032

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.068	$0.074	$0.074
Local Taxes	$0.000	$0.029	$0.032	$0.032

Assumptions

- 75 percent of "other statutory certifying and copy fees" are for copying public records.
- Public records requests fluctuate, calculations reflect a ten year average and future annual amounts are equal.
- State charges equal local charges.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

State Auditor, Local Government Financial Report System

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Washington citizens, state and local government
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

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 the sales and use tax.

Department of Revenue rules define 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 been centralized by the publisher.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.966	$1.912	$1.860	$1.809
Local Taxes	$0.855	$0.831	$0.809	$0.786

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.578	$1.674	$1.628
Local Taxes	$0.000	$0.691	$0.733	$0.713

Assumptions

- Revenues for the newspaper and subscription industry will continue to decline.
- 11 months of cash collections for the first Fiscal Year, 12 months thereafter.
- Decrease in B&O tax revenue is due to reduction in taxable sales due to higher tax rate (elasticity).

Data Sources

- Department of Revenue excise tax data
- U. S. Census Bureau

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Buyers of newspapers
Taxpayer Count:	15,449
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.02535 - Fund-raising sales of magazines

Description

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

Purpose

To support these organizations.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.457	$0.457	$0.457	$0.457
Local Taxes	$0.199	$0.199	$0.199	$0.199

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.419	$0.457	$0.457
Local Taxes	$0.000	$0.166	$0.199	$0.199

Assumptions

- Magazine sales have been declining since 2007, therefore no growth.
- Average U. S. expenditures on newspapers and magazines are now less than $30 per year.
- Most magazine fundraising sales are made online.

Data Sources

https://www.forbes.com/sites/tonysilber/2018/05/29/big-ideas-for-a-magazine-newsstand-industry-in-distress/#6f86abe05930

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Schools and nonprofit organizations
Taxpayer Count:	Unknown from year to year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

82.08.02537; 82.12.0347 - Academic transcripts

Description

Fees charged by public and private educational institutions for providing copies of academic transcripts to current and former students are exempt from retail sales and use tax.

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.153	$0.157	$0.163	$0.168
Local Taxes	$0.066	$0.068	$0.071	$0.073

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.144	$0.163	$0.168
Local Taxes	$0.000	$0.057	$0.071	$0.073

Assumptions

- 50% of college graduates order 5 transcripts @ $10 each.
- 80% of high school students order 4 transcripts @ $2 each.

Data Sources

- Office of the Superintendent of Public Instruction
- Office of Financial Management

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Public and private educational institutions
Taxpayer Count:	295 school districts, 22 4-year institutions, 34 2-year institutions
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.0254; 82.12.0255 - Constitutionally exempt sales

Description

Sales prohibited from taxation under state or federal constitutions receive an exemption from retail sales and use taxes. This "catch-all" provision covers situations not covered by other specific exemptions. The major items in this general exemption include sales:

- Where the final location is out-of-state;
- To the U.S. government; and,
- To Indian tribes and their members in their Indian Country.

Purpose

Recognizes the prohibition against taxing the federal government, Indians tribes and their members in their Indian country, or placing a burden on interstate commerce.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$297.714	$308.197	$318.808	$329.576
Local Taxes	$129.435	$133.993	$138.606	$143.287

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth mirrors total sales tax collections, as reflected in the February 2019 general fund forecast.
- 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
- Economic & Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Federal government and individuals located on Indian reservations
Taxpayer Count:	34,202
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales and use tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$6.313	$6.359	$6.348	$6.452
Local Taxes	$2.745	$2.765	$2.760	$2.805

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$5.829	$6.348	$6.452
Local Taxes	$0.000	$2.534	$2.760	$2.805

Assumptions

- Fuel consumption for public transportation continues to grow at the same rate as between 2013 and 2016.
- Fuel prices are same as forecasted by U.S. Energy Information Administration.
- 11 months of cash collections in Fiscal Year 2021 for July 1, 2020, effective date.

Data Sources

- U.S. Energy Information Administration
- Washington State Department of 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:	JLARC completed a full review in 2012

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 retail sales and use tax. The fuel must also be exempt from the special fuel taxes.

Purpose

To lower nonprofit transportation provider costs.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.200	$0.193	$0.204	$0.211
Local Taxes	$0.087	$0.084	$0.089	$0.092

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.177	$0.204	$0.211
Local Taxes	$0.000	$0.077	$0.089	$0.092

Assumptions

- Revenues grow at the same rate as the oil price growth rates in the Economic and Revenue Forecast Council's March 2019 forecast.
- Revenue impact to the Performance Audit account is not material.
- Fuel prices are same as forecasted by U.S. Energy Information Administration.
- 11 months of cash collections in Fiscal Year 2021 for July 1, 2020, effective date.

Data Sources

- Department of Licensing fuel tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Special needs transportation providers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011

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 state or county-owned ferries is exempt from the retail sales and use tax.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.177	$3.052	$3.236	$3.338
Local Taxes	$1.381	$1.327	$1.407	$1.451

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.797	$3.236	$3.338
Local Taxes	$0.000	$1.216	$1.407	$1.451

Assumptions

- Growth rate is the same as the crude oil growth rate in the Economic and Revenue Forecast Council March 2019 forecast.
- 11 month cash collection for Fiscal Year 2021 for July 1, 2020, effective date.

Data Sources

- Various Washington State county websites
- Economic and Revenue Forecast Council's March 2019 forecast
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	State and county owned ferry systems
Taxpayer Count:	9
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2017

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

Description

Fuel subject to the special fuel tax is exempt from the retail sales and use tax. This exemption is primarily for gasoline, diesel, and other fuels used by vehicles on public highways.

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$721.112	$717.306	$724.559	$726.453
Local Taxes	$313.517	$311.863	$315.016	$315.839

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$657.531	$724.559	$726.453
Local Taxes	$0.000	$285.874	$315.016	$315.839

Assumptions

- Revenues grow at the same rate as oil price growth rates in the Economic and Revenue Forecast Council's March 2019 forecast
- Eleven months of cash collections impact for Fiscal Year 2021 with July 1, 2020, effective date

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Licensed drivers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2009

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 this state, but transported and used outside of Washington.

Purpose

To not interfere with interstate commerce.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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. Interstate carriers would likely shift their fuel purchases to other states.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Impact for this exemption is included in the estimate for special fuel used on public highways, RCWs 82.08.0255(1f) and 82.12.0256(2d), which covers all motor vehicle and special fuel used on public highways.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1983
Primary Beneficiaries:	Interstate carriers
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011

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 retail sales/use tax. 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; and,
- The purchaser of the operating utility property must be a state agency or political subdivision.

Purpose

This exemption generally addresses intergovernmental transfers of utility operations as a result of 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

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

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1935
Primary Beneficiaries:	State, local jurisdictions, municipal utilities, water districts
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2008

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 retail sales and use tax 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 retail sales and use tax paid on such equipment. The gas distribution business can only apply for a remittance once a quarter and no remittances are accepted after June 30, 2028.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
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 and none expected in the next four years.

Data Sources

Department of Revenue remittance data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Gas distribution business manufacturing compressed or liquefied gas for use as transportation fuel
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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

Description

Manufacturers and processors for hire are eligible for a retail sales and use tax exemption on purchases of manufacturing machinery and equipment used directly in a manufacturing operation, research and development (R&D) operation, or testing operation. Charges for installing, repairing, cleaning, altering or improving the machinery and equipment are also exempt. Short-lived tools, hand tools, and consumable supplies do not receive an exemption. Manufacturing, R&D, and testing operations for marijuana or marijuana related products are also not eligible for the exemption.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$313.312	$319.626	$328.325	$340.745
Local Taxes	$136.200	$139.000	$142.700	$148.100

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$292.969	$328.325	$340.745
Local Taxes	$0.000	$127.400	$142.700	$148.100

Assumptions

- Expenditures on machinery and equipment used for research and development and testing related to the manufacturer's manufacturing activities are a small percentage of total machinery and equipment, assumed at two percent.
- Expenditures on machinery and equipment that does not qualify for the exemption, including hand tools equipment with a useful life of less than one year, office equipment, most transportation equipment, computers, software, peripherals not used directly in manufacturing are a sizable percentage of total expenditures, assumed to be 25 percent.
- Due to noncompliance, only 86 percent of taxes owed would be collectable if the exemption were repealed.

Data Sources

- 2016 Economic Census
- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

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

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Taxpayers engaged in manufacturing activities
Taxpayer Count:	14,000
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Description

The sale of machinery and equipment used primarily in a research and development operation at public research institutions is exempt from retail sales and use tax. Qualifying machinery and equipment includes:

- Computer hardware and software;
- Laboratory equipment and instruments;
- Vats, tanks, and fermenters; and,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$6.878	$7.269	$7.702	$8.147
Local Taxes	$3.000	$3.200	$3.300	$3.500

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$6.663	$7.702	$8.147
Local Taxes	$0.000	$2.900	$3.300	$3.500

Assumptions

- Growth rate from Economic and Revenue Forecast Council rate for Research and Development, March 2019.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Specified state research universities
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.02566; 82.12.02566 - Aircraft part prototypes

Description

Purchases of ingredients incorporated into or for modifications made to prototypes of aircraft parts and auxiliary equipment are exempt from retail sales and use tax if the business developing the prototypes has taxable annual income of less than $20 million dollars. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no firms using this tax preference

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2019

82.08.025661; 82.12.025661 - Aerospace FAR repair stations

Description

Retail sales tax and use tax exemption for new building construction costs to be used by a federal aviation regulation (FAR) part 145 certified repair station that is located in an international airport owned by a county with a population greater than 1.5 million.

The retail sales and use tax exemption applies to building construction costs, including charges for labor and services, and the sale of tangible personal property that will be incorporated as an ingredient or component of such buildings.

The exemption may be requested in a form of remittance. Therefore, all applicable state and local taxes must be paid by a buyer. A person may request a remittance of the local sales and use tax paid after July 1, 2016.

A person may request a remittance of the state sales and use tax paid after the aircraft repair station has been operationally complete for 4 years but no sooner than December 1, 2021. To receive the remittance of state sales and use tax paid, the person has to report at least 100 average employment positions at the establishment, with an average annualized wage of $80,000, to the employment security department for September 1, 2020, through September 1, 2021.

To qualify for the exemption, the person must also file a complete annual report.

The exemption expires January 1, 2027.

Purpose

To create and retain well-paying jobs in the aerospace industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no firms using this tax preference.

Data Sources

Department of Revenue excise tax data

82.08.025661; 82.12.025661 - Aerospace FAR repair stations

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2016
Primary Beneficiaries:	Taxpayers who perform aircraft maintenance repair under FAR part 145
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.02568; 82.12.02568 - Aluminum production anodes and cathodes

Description

Sales of various ingredients used in producing anodes and cathodes used in manufacturing aluminum are exempt from the retail sales and use tax. These include carbon, petroleum coke, coal tar, pitch and similar substances.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers benefit from this exemption; revenue impact is not disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Aluminum smelters
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

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 the retail sales and use tax.

Purpose

To encourage construction of a facility in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Construction of the laser interferometer gravitational-wave observatory at Hanford was completed in 1999.

Data Sources

www.ligo.caltech.edu

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1996
Primary Beneficiaries:	California Institute of Technology and federal government
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.0257; 82.12.0258 - Farm auction sales

Description

Sales of tangible personal property previously used in a farm activity are exempt from retail sales and use tax if made by or through an auctioneer. 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 marijuana, useable marijuana, or marijuana-infused products.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.295	$3.394	$3.496	$3.601
Local Taxes	$0.058	$0.060	$0.062	$0.063

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$3.111	$3.496	$3.601
Local Taxes	$0.000	$0.055	$0.062	$0.063

Assumptions

- In 2008, $268.5 billion in sales occurred at auctions nationwide.
- $18.5 billion was spent on agricultural machinery and equipment sold at auction.
- On average, Washington State represents 2 percent of the national total.
- 10 percent of all equipment is sold at on-farm auctions.
- 3 percent growth.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

National Auctioneers Foundation

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1943
Primary Beneficiaries:	Farmer that sell machinery and other personal property at farm auctions, and the buyers of the items
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2018

82.08.02573 - Nonprofit organization fund-raising

Description

Sales by a nonprofit organization or a library for fund-raising activities are exempt from sales tax if the gross income from the sale is exempt under RCW 82.04.3651. The exemption does not extend to the regular operation of a bookstore, thrift shop or restaurant.

Purpose

To support the fund-raising activities of these organizations.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$14.178	$14.603	$15.041	$15.493
Local Taxes	$6.164	$6.349	$6.540	$6.736

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$13.386	$15.041	$15.493
Local Taxes	$0.000	$5.291	$6.540	$6.736

Assumptions

- Washington nonprofits reported over $64.6 billion in total revenue in Fiscal Year 2015.
- Nationwide, 21 percent of income came from contributions, gifts and government grants, 73 percent is from program services and 6 percent is "other income with includes dues, rental income, special event income and goods sold.
- Assume 5 percent of "other income" is for goods sold.
- Annual growth of 3 percent.

Data Sources

National Center for Charitable Statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1998
Primary Beneficiaries:	Nonprofit organizations that sale items to raise funds to support their activities
Taxpayer Count:	Over 32,000 Washington nonprofits
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.0258; 82.12.0259 - Federal instrumentalities furnishing aid and relief

Description

A sales and use tax exemption on purchases exists for corporations created by Congress that provide:

- Volunteer aid to the armed forces; and,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This exemption applies to fewer than three taxpayers.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1935
Primary Beneficiaries:	Federal instrumentalities furnishing aid
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$9.960	$10.160	$10.363	$10.570
Local Taxes	$2.702	$2.756	$2.811	$2.867

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$9.313	$10.363	$10.570
Local Taxes	$0.000	$2.297	$2.811	$2.867

Assumptions

- July 1, 2020, effective date, with 11 months collections in Fiscal Year 2021.
- Two percent growth per year.

Data Sources

U. S. Agriculture Census, 2017

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1945
Primary Beneficiaries:	Livestock breeders, cattle operations, and dairies the purchase animals for use in producing other animals or products for sale
Taxpayer Count:	4,800
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review 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 use tax on brokered gas under RCW 82.12.022 is exempt from retail sales and use tax.
Purpose	Washington firms 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 tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$18.185	$18.185	$18.185	$18.185
Local Taxes	($24.245)	($24.245)	($24.245)	($24.245)

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$16.670	$18.185	$18.185
Local Taxes	$0.000	($22.225)	($24.245)	($24.245)

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Assume 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:	297
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.08.0261 - Items used in interstate commerce

Description

Sales of items of tangible personal property, such as linens, bedding, chairs and tableware (but not airplanes, trains, or vessels), to air, rail, or water private or common carriers for use in their business are exempt from retail sales tax. Any actual use of the item within this state is subject to use tax.

Purpose

Encourages the purchase of these items in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$5.813	$5.991	$6.164	$6.315
Local Taxes	$2.527	$2.605	$2.680	$2.745

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$5.492	$6.164	$6.315
Local Taxes	$0.000	$2.388	$2.680	$2.745

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Business purchases data from IMPLAN model for Washington, 2016 data
- IHS Markit Forecast, March 2019

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Transportation companies and customers
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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

For the sale of liquefied natural gas to a business operating as a private or common carrier by water in interstate or foreign commerce, the buyer is entitled to an exemption for ninety percent of state and local sales tax due on the amount of liquefied natural gas transported and consumed outside the state by the buyer.

This does not apply to the sale of liquefied natural gas on or after July 1, 2028, for use as fuel in any marine vessel.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amount of liquid natural gas used by water common carriers in interstate of foreign commerce is very small.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Transportation companies and customers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2019

82.08.0262 - Interstate transportation equipment

Description

Retail sales and use taxes do not apply to the sale or use of airplanes, locomotives, railroad cars or watercraft and their component parts primarily used to transport property or persons for hire in interstate or foreign commerce. The exemption also applies to vessels primarily used in conducting commercial fishing operations outside of Washington waters, and intra-state commuter air carriers.

Purpose

To encourage the use of Washington-based transportation providers.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$19.276	$19.955	$20.642	$21.339
Local Taxes	$8.381	$8.676	$8.974	$9.278

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$18.292	$20.642	$21.339
Local Taxes	$0.000	$7.953	$8.974	$9.278

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Sellers of transportation equipment
Taxpayer Count:	208
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.08.0263 - Interstate commerce vehicles

Description

Sales of motor vehicles and trailers used for transporting persons or property for hire in interstate and foreign commerce are exempt from retail sales tax. The purchaser or user must hold a permit issued by the federal Department of Transportation (formerly the Interstate Commerce Commission).

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$20.572	$21.297	$22.030	$22.774
Local Taxes	$8.944	$9.259	$9.578	$9.901

Repeal of exemption

Repealing this exemption would likely not increase revenues. Buyers of this type of property could structure transactions to take delivery out-of-state. Also, taxing this type of property could bring a challenge under federal interstate commerce laws.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No revenues will be realized.

Data Sources

- Department of Revenue taxpayer data
- Economic Revenue & Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Interstate carriers and dealers
Taxpayer Count:	193
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.08.0264 - Vehicles sold to nonresidents

Description

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

- Taken directly outside of this state; or,
- Licensed immediately it the state of the purchaser's 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 this state, unless the provisions of RCW 82.08.0273 (residents of states with no or low sales taxes) apply.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$46.325	$47.956	$49.607	$51.283
Local Taxes	$20.140	$20.849	$21.567	$22.296

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If exemption repealed, nonresidents would take possession outside the state, so there would not be an increase to state revenues.

Data Sources

- Department of Revenue taxpayer database
- Economic & Revenue Forecast Council's March 2019 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1949
Primary Beneficiaries:	Vehicle dealers and manufacturers
Taxpayer Count:	663
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.08.0266; 82.08.02665 - Boats sold to nonresidents

Description

The sale of watercraft to nonresidents or foreigners for use outside of Washington is exempt from retail sales and use taxes even if delivered in Washington if the craft:

- Requires Coast Guard registration; or,
- Is registered in the state of principal use; and,
- Is not used in Washington for more than 45 days.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.835	$3.970	$4.108	$4.246
Local Taxes	$1.668	$1.726	$1.786	$1.846

Repeal of exemption

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

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Nonresidents take delivery outside of Washington or purchase the watercraft outside of Washington.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1959
Primary Beneficiaries:	Boat dealers and manufacturers
Taxpayer Count:	52
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 retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.163	$0.163	$0.163	$0.163
Local Taxes	$0.044	$0.044	$0.044	$0.044

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.149	$0.163	$0.163
Local Taxes	$0.000	$0.037	$0.044	$0.044

Assumptions

- Baby chicks currently cost about 65 cents for a day-old chick and $9 for an 18-week old pullet.
- There are no hatcheries in Washington that produce 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 estimated at $2.5 million.
- No annual growth.

Data Sources

- U. S. Agriculture Census, 2017
- Joint Legislative Audit & Review Committee references

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:	JLARC completed a full review in 2010

82.08.0268 - Farm equipment sold to nonresidents

Description

Farm machinery sold to nonresidents and immediately transported out-of-state is exempt from retail sales tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$7.000	$7.000	$7.000	$7.000
Local Taxes	$1.870	$1.870	$1.870	$1.870

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$6.420	$7.000	$7.000
Local Taxes	$0.000	$1.560	$1.870	$1.870

Assumptions

- Current data is very similar to historical data so assume no growth.
- Fiscal Year 2021 represents 11 months of collections.

Data Sources

DOR deduction data for NAICS:

- 333111, farm machinery and equipment machinery
- 423820, farm and garden machinery and equipment wholesalers
- 444220, nursery, garden center, and farm supply stores

Additional Information

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

82.08.0269 - Purchases by residents of Alaska & Hawaii

Description

Sales for use in states, territories and possessions of the United States which are not contiguous to any other state are exempt from retail 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 United States possessions and territories, and to encourage trade through Washington ports.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

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

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- Most sales to such residents would be exempt under other statutes relating to interstate commerce.
- Buyers make alternative shipping arrangements.
- Impact is minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1961
Primary Beneficiaries:	Firms selling to residents of Alaska, Hawaii, U.S. territories
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

82.08.0271; 82.12.930 - Watershed and flood protection

Description

State and local government entities are exempt from retail sales and use tax 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 2020	FY 2021	FY 2022	FY 2023
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 revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers are currently benefiting from this program, as no federal appropriations have been made for this program since 2010.

Data Sources

U.S. Department of Agriculture

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 or flood prevention act
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

82.08.0272; 82.12.0267 - Semen for artificial insemination of livestock

Description

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

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.455	$0.455	$0.455	$0.455
Local Taxes	$0.123	$0.123	$0.123	$0.123

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.417	$0.455	$0.455
Local Taxes	$0.000	$0.103	$0.123	$0.123

Assumptions

- Use of artificial insemination will remain constant.
- In FY 2018, almost $7 million was deducted for bovine semen sales.
- July 1, 2020 effective date, with 11 months collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

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:	JLARC completed an expedited report in 2010

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

Description

Nonresidents are exempt from Washington retail 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 percent) only. Qualifying nonresidents must meet the following criteria:

- They reside in a state, possession or Canadian province which levies a sales tax of less than 3.0 percent; or
- Their state of residence allows a similar exemption for Washington residents.

Currently, no state qualifies under this provision of reciprocity. A nonresident may apply for a state sales tax refund once in a calendar year for all purchases made during the prior calendar year.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.118	$3.196	$3.272	$3.348
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.930	$3.272	$3.348
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2020 effective date, with 11 months of collections in Fiscal Year 2021.
- To project the estimates for future years, growth rates were calculated using data from Washington State Economic and Revenue Forecast Council.

Data Sources

- Economic and Revenue Forecast Council March 2019 forecast
- Washington State County Travel Impacts study
- Department of Revenue excise tax data

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

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1965
Primary Beneficiaries:	Residents of Oregon, Alaska, Montana and the Canadian province of Alberta
Taxpayer Count:	3,623
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.0274; 82.12.0268 - Form lumber

Description

Form lumber used in construction to mold concrete is exempt from retail sales and use tax 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There are currently few, if any, taxpayers taking advantage of this exemption.
- Contractors use form lumber over and over for multiple projects.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1965
Primary Beneficiaries:	Contractors and subcontractors who use lumber as forms for concrete
Taxpayer Count:	78,900
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

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 retail sales/use tax. 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.

Purpose

To encourage construction of housing facilities for agricultural employees.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.352	$1.352	$1.352	$1.352
Local Taxes	$0.367	$0.367	$0.367	$0.367

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.240	$1.352	$1.352
Local Taxes	$0.000	$0.306	$0.367	$0.367

Assumptions

- Assumed no growth due to variability in data.
- July 1, 2020 effective date, with 11 months collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1996
Primary Beneficiaries:	Farmers and others who build housing facilities for farm workers
Taxpayer Count:	Unknown, farmers are not required to register with the Department. Residential builders and building supply stores claim the exemption
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2018

82.08.0275; 82.12.0269 - Sand and gravel for local road construction

Description

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 are exempt from retail sales and use tax. The city or county must either:

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

Purpose

Lowers costs for constructing, maintaining and preserving county and city roads.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.965	$3.187	$3.427	$3.684
Local Taxes	$1.289	$1.386	$1.490	$1.601

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.922	$3.427	$3.684
Local Taxes	$0.000	$1.270	$1.490	$1.601

Assumptions

- Sand and gravel used in local road construction is assumed to represent 7.5 percent of government contracting as reported by 70.8 percent of highway, street and bridge construction businesses.
- Annual growth rate of 7.5 percent.
- July 1, 2020 effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1980
Primary Beneficiaries:	Cities and counties
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.08.0277; 82.12.0273 - Pollen

Description

Sales and use of pollen are exempt from the retail sales and use tax.

Purpose

To support the agricultural and horticultural industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.037	$0.037	$0.037	$0.037
Local Taxes	$0.010	$0.010	$0.010	$0.010

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.034	$0.037	$0.037
Local Taxes	$0.000	$0.008	$0.010	$0.010

Assumptions

- Since specific data for the sale of pollen does not exist, the amount of pollen produced is estimated as a percentage of honey production.
- Pollen is valued at 10% of honey value.
- No growth over time.

Data Sources

- Washington State Department of Agriculture data
- U. S. Department of Agriculture
- National Agriculture Statistic Service honey reports

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1989
Primary Beneficiaries:	Farmers that buy pollen
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

82.08.0278; 82.12.0274 - Annexation sales

Description

Tangible personal property sold by one political subdivision to another in conjunction with an annexation, incorporation, or merger is exempt from retail sales and use tax. Tangible personal property sold by one political subdivision to another in conjunction with a contractual consolidation is exempt from retail sales and use tax when the political subdivision that originally paid the sales or use tax 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues by a minimal, indeterminate amount.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- Sales of tangible personal property from an annexed area to the annexor are rare.
- Revenue estimate is indeterminate; any revenue impacts are thought to be minimal.

Data Sources

Office of Financial Management, population data, 2000 to 2010

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:	JLARC completed an expedited report in 2010

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

Description

Tangible personal property sold by one political subdivision to another pursuant to the terms of a contractual consolidation under which the taxpayers that originally paid a sales or use tax continue to benefit from the personal property is exempt from sales and use tax.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues by a minimal, indeterminate amount.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- Sales of tangible personal property from an annexed area to annexor are rare.
- Revenue impacts are indeterminate but thought to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2019
Primary Beneficiaries:	Cities, counties, or other local governments
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 the retail 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.188	$0.194	$0.200	$0.207
Local Taxes	$0.054	$0.056	$0.057	$0.059

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, RCW 82.08.0263.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate for taxpayer savings is the same as the sales tax growth rate in the Economic and Revenue Forecast Council's March 2019 forecast.
- Repeal of this exemption would not increase revenues.

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:	JLARC completed an expedited report in 2011

82.08.02795; 82.12.02745 - Free public hospitals

Description

Free hospitals are exempt from retail sales and use tax on purchases of items used in the operation of the hospital or the provision of health care services. The exemption requires that hospitals not charge its patients for health care services received.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers; impact is confidential.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Free public hospitals
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.02805; 82.12.02747 - Nonprofit blood and tissue banks

Description

Nonprofit blood and tissue banks are exempt from retail sales and use tax 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$10.116	$10.217	$10.319	$10.422
Local Taxes	$4.398	$4.442	$4.486	$4.531

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$9.366	$10.319	$10.422
Local Taxes	$0.000	$3.702	$4.486	$4.531

Assumptions

- Annual growth of one percent per fiscal year.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- 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:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.02806; 82.12.02748 - Human body parts

Description

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

Purpose

To support medical research in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.075	$0.077	$0.080	$0.083
Local Taxes	$0.033	$0.034	$0.035	$0.036

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.071	$0.080	$0.083
Local Taxes	$0.000	$0.031	$0.035	$0.036

Assumptions

- Washington State Economic and Revenue Forecast Council's March 2019 forecast.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Popular Science
- Forbes.com

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1996
Primary Beneficiaries:	Medical research organizations
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.02807; 82.12.02749 - Organ procurement

Description

Sales to qualified nonprofit organ procurement organizations of medical supplies, chemicals or materials are exempt from sales and use tax. The exemption does not apply to the sale of construction materials, office equipment, building equipment, administrative supplies, or vehicles.

Purpose

To extend the same tax treatment available to blood, bone and tissue banks.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Without contacting the two businesses that receive this exemption directly, there is no information available to complete an estimate.
- Revenue impact of this exemption is indeterminate.

Data Sources

None

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 taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

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 retail sales and use tax, 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 retail sales tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$581.724	$603.740	$625.984	$648.524
Local Taxes	$252.912	$262.484	$272.155	$281.954

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$553.428	$625.984	$648.524
Local Taxes	$0.000	$240.610	$272.155	$281.954

Assumptions

Eleven months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1974
Primary Beneficiaries:	Patients purchasing prescription drugs
Taxpayer Count:	5,199,299
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.0282; 82.12.0276 - Returnable containers

Description

Sales and use of returnable food or beverage containers are exempt from retail sales and use tax. 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 tax 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.120	$0.130	$0.141	$0.153
Local Taxes	$0.057	$0.056	$0.061	$0.066

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.119	$0.141	$0.153
Local Taxes	$0.000	$0.051	$0.061	$0.066

Assumptions

- Much of the revenue impact is from kegs used by Washington breweries; minimal revenue impact from other containers such as glass milk jars.
- Annual rate of purchases is 20 percent of growth of the industry, which is 9 percent.
- Eleven months of collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

National Brewers Association statistics

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:	394
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

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

Description

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

- Prosthetic devices, including eyeglasses and frames, that are 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 that is prescribed, administered, dispensed or used in the treatment of an individual by a naturopath; and,
- Components of prosthetic devices and charges for repairing devices exempted by this statute.

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

Purpose

To reduce the cost of medical care.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$48.000	$48.960	$49.939	$50.938
Local Taxes	$20.869	$21.286	$21.712	$22.146

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$44.880	$49.939	$50.938
Local Taxes	$0.000	$19.512	$21.712	$22.146

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Assume two percent annual growth.

Data Sources

Washington State Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Individuals purchasing prescribed medical equipment
Taxpayer Count:	5,570,678
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.0285; 82.12.0279 - Ferry boat construction and repair

Description

The retail 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. The use tax does not apply to the use of labor and services rendered in respect to improving such ferry boats.

Purpose

Supports state and local governments by reducing the cost of building or repairing these boats.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$5.525	$5.525	$18.200	$18.200
Local Taxes	$2.380	$2.380	$7.840	$7.840

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$5.065	$18.200	$18.200
Local Taxes	$0.000	$2.182	$7.840	$7.840

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Washington State Department of Transportation

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1977
Primary Beneficiaries:	Publicly operated ferry systems
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Description

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

To qualify under commuter ride sharing, the vehicle must be carrying five or six passengers and be operated in a county that has adopted and implemented a commute trip reduction plan. 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; or,
- Vehicle is owned and operated by individual employees and is registered with either the employer or with a public transportation agency servicing the area where the employees live or work.

Purpose

To encourage ride-sharing 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.995	$0.982	$0.984	$0.999
Local Taxes	$0.413	$0.408	$0.409	$0.415

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.900	$0.984	$0.999
Local Taxes	$0.000	$0.374	$0.409	$0.415

Assumptions

- Growth rate will mirror auto sales growth rate in March 2019 economic forecast.
- 11 months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

- Department of Revenue
- Economic & Revenue Forecast Council's March 2019 forecast

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Ride share vehicle dealers and purchasers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2011

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 retail sales and use tax if the authority levies a local parking tax under RCW 36.38.040 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 retail sales tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers benefit from this exemption; impact not disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1997
Primary Beneficiaries:	Public Stadium Authority and users of the parking facility at Century Link Field/Exhibition Center
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.0288; 82.12.0283 - Leased irrigation equipment

Description

Leases of irrigation equipment are exempt from retail sales and use tax, 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; and,
- The equipment is not used in the production of marijuana.

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.432	$2.505	$2.580	$2.657
Local Taxes	$0.660	$0.679	$0.670	$0.721

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.296	$2.580	$2.657
Local Taxes	$0.000	$0.566	$0.670	$0.721

Assumptions

- Washington farmers irrigate over 1.8 million acres according to 2017 Census of Agriculture.
- On average, 15 percent of irrigation systems are on leased land.
- According to 2008 irrigation survey, Washington farmers spent $45.57 million on irrigation maintenance and repairs which averages to $30.04 per acre.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- U. S. Department of Agriculture (USDA) 2008 irrigation survey
- 2017 USDA census data
- Northwest Agricultural Irrigation Market Characterization and Baseline study

Additional Information

Additional Information

82.08.0288; 82.12.0283 - Leased irrigation equipment

Category:	Agriculture
Year Enacted:	1983
Primary Beneficiaries:	Farmers leasing land to include irrigation equipment
Taxpayer Count:	Unknown, almost 15,000 farms use irrigation
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

82.08.0291; 82.12.02917 - Recreation services and physical fitness classes

Description

Amusement, recreation and physical fitness services provided by nonprofit youth organizations to members of the organization and physical fitness classes provided by a local government are exempt from retail sales and use tax.

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 2020	FY 2021	FY 2022	FY 2023
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 due to SHB 1550 passed in 2015.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

If this exemption was eliminated these activities would not be subject to sales tax.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit youth organizations and their members
Taxpayer Count:	600
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.02915; 82.12.02915 - Housing for youth in crisis

Description

Nonprofit health or social welfare organizations are exempt from retail sales and use taxes on purchases of materials used in the construction of licensed alternative housing facilities for youth who are "in crisis." The exemption does not extend to charges for labor or services associated with the construction of these facilities.

Purpose

To encourage construction of shelters for youth who have left home.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.117	$0.123	$0.129	$0.135
Local Taxes	$0.051	$0.054	$0.056	$0.059

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.113	$0.129	$0.135
Local Taxes	$0.000	$0.045	$0.056	$0.059

Assumptions

- New construction accounts for 10% of total value.
- Five percent growth in assessed values.

Data Sources

- Department of Social and Health Services, child welfare group home contracts
- Runstad Center for Real Estate Studies, University of Washington, median home values by county

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit organizations housing youth in crisis
Taxpayer Count:	About 50 statewide
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

82.08.0293; 82.12.0293 - Food and food ingredients

Description

Food and food ingredients purchased for human consumption are exempt from retail sales and use tax. The definition of food and food ingredients excludes alcoholic beverages, tobacco products, marijuana, useable marijuana, and marijuana-infused products.

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 as described in RCW 82.08.0293(3).

Purpose

To lessen the regressivity of the sales tax and to reduce the cost of essential items.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1,176.617	$1,188.689	$1,200.884	$1,213.206
Local Taxes	$511.549	$516.798	$522.100	$527.457

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1,089.631	$1,200.884	$1,213.206
Local Taxes	$0.000	$473.731	$522.100	$527.457

Assumptions

- Due to historical fluctuations in Basic Foods, exempt sales assume one percent growth each fiscal year.
- Estimates do not include items that are also exempt under RCW 82.08.0297 (items purchased with food stamps).

Data Sources

- Department of Revenue excise tax return data
- Department of Social and Health Services
- Office of Financial Management
- Forecast of the state population by age and sex

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1982
Primary Beneficiaries:	Consumers who purchase food products
Taxpayer Count:	7,427,570
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.0294; 82.12.0294 - Aquaculture feed

Description

Persons who raise fish in confined rearing areas for sale are exempt from retail sales and use tax on purchases of feed.

Purpose

To provide equivalent treatment with farmers whose purchases of feed for their livestock are exempt from sales and use tax. This recognizes that aquaculture and agriculture are similar activities.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.070	$0.070	$0.070	$0.070
Local Taxes	$0.020	$0.020	$0.020	$0.020

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.060	$0.070	$0.070
Local Taxes	$0.000	$0.020	$0.020	$0.020

Assumptions

- All fish food sellers are registered and reporting.
- No growth, estimate based on five year average.
- July 1, 2020, effective date, with 11 months cash collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1970
Primary Beneficiaries:	Fish farmers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

82.08.0296; 82.12.0296 - Livestock feed

Description

Feed consumed by livestock at public livestock markets is exempt from the sales and use tax.

Purpose

Feed sold to farmers is already exempt from the sales and use tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.148	$0.148	$0.148	$0.148
Local Taxes	$0.015	$0.015	$0.015	$0.015

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.136	$0.148	$0.148
Local Taxes	$0.000	$0.012	$0.015	$0.015

Assumptions

- On average, livestock are kept at public markets one day before being sold.
- An average is used due to variability in expense amounts.
- No growth.

Data Sources

- U. S. Agriculture Census http://www.nass.usda.gov/wa/
- http://agr.wa.gov/FoodAnimal/Livestock/LicensedCertifiedFeedlotsPublicMarkets.aspx

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1980
Primary Beneficiaries:	Operators of public livestock markets
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

82.08.0297; 82.12.0297 - Food stamp purchases

Description

Food items that are taxable in Washington and eligible for purchase with food stamps issued by the U.S. Department of Agriculture are exempt from retail sales and use tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$94.856	$95.828	$96.812	$97.805
Local Taxes	$41.240	$41.663	$42.090	$42.522

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$87.844	$96.812	$97.805
Local Taxes	$0.000	$38.191	$42.090	$42.522

Assumptions

Impact is for all food stamp purchases.

Data Sources

- Department of Revenue excise tax return data
- Department of Social and Health Services data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1987
Primary Beneficiaries:	Food stamp recipients
Taxpayer Count:	1,270,574
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:	Not reviewed by JLARC

82.08.0298; 82.12.0298 - Commercial fishing boat fuel

Description

Diesel fuel used by vessels engaged in commercial deep-sea fishing or in the operation of commercial charter fishing boats is exempt from retail sales and use taxes. These vessels must regularly operate outside of state territorial waters and the gross income from fishing must be at least $5,000 annually.

Purpose

Recognizes that the majority of such fuel is consumed outside of the state.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.362	$1.397	$1.451	$1.498
Local Taxes	$0.592	$0.608	$0.631	$0.651

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.281	$1.451	$1.498
Local Taxes	$0.000	$0.557	$0.631	$0.651

Assumptions

- Commercial fishing fuel usage is approximately 4,977 gallons/year/vessel.
- Charter fishing vessel fuel usage is approximately 13,201 gallons/year/vessel.
- Fuel usage remains constant; no annual growth.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Vessel List: Department of Revenue Special Programs, compiled July 2019
- March 2019 IHS Markit forecast tables
- Economic Fisheries Information Network (2018)
- West Coast and Alaska Marine Fuel Prices 2016 to 2018: Annual Report

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Commercial fishing and commercial charter fishing operations
Taxpayer Count:	759
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.018	$0.019	$0.019	$0.020
Local Taxes	$0.019	$0.020	$0.021	$0.021

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.017	$0.019	$0.020
Local Taxes	$0.000	$0.017	$0.021	$0.021

Assumptions

- Homelessness was decreasing until 2013 but has increased since then.
- County Coordinated Entry programs provide emergency lodging vouchers.
- Organizations like Catholic Community Services provide emergency housing but do not use vouchers anymore, they pay directly for hotel/motel rooms.
- City of Seattle budgeted $190,000 for its emergency housing voucher program, the rest of the state is similar for $380,000 total.
- Average voucher is $80-$100.
- Due to the 2 percent state shared hotel motel tax, the state impact is based on overall rate of 4.5 percent and the local impact is based on 4.826 percent rate.
- July 1, 2020, effective date with 11 months collections in Fiscal Year 2021.

Data Sources

www.seattle.gov/Documents/Departments/pathwayshome/SOEImplementationPlan.pdf

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1988
Primary Beneficiaries:	Local jurisdictions and nonprofit organizations that purchase hotel vouchers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2012

82.08.031; 82.12.031 - Artistic and cultural organizations

Description

Artistic or cultural organizations are exempt from retail sales and use tax on purchases of items acquired for purposes of exhibition or presentation to the general public. These items include objects of art, items with cultural value, objects used to create art (other than tools), and items used in displaying art and presenting cultural presentations and performances.

Purpose

To support these organizations and the social benefits they provide.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.411	$1.460	$1.510	$1.560
Local Taxes	$0.613	$0.635	$0.656	$0.678

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.338	$1.510	$1.560
Local Taxes	$0.000	$0.529	$0.656	$0.678

Assumptions

- Growth in arts and cultural purchases will mirror retail sales growth.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's June 2019 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit art and cultural organizations
Taxpayer Count:	500 art organizations
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review 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 retail sales and use tax (RCW 82.04.4287).

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.594	$0.623	$0.656	$0.687
Local Taxes	$0.161	$0.169	$0.178	$0.186

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.571	$0.656	$0.687
Local Taxes	$0.000	$0.141	$0.178	$0.186

Assumptions

- Five percent growth due to variability in production value.
- Cost of packaging materials represent 0.25 percent of production values.

Data Sources

- U. S. Department of Agriculture, 2017 Census of Agriculture
- 2018 Washington Annual Agriculture Bulletin

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1988
Primary Beneficiaries:	Fruit and vegetable packers
Taxpayer Count:	70
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

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 retail sales and use tax. 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 this state.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.500	$2.500	$2.500	$2.500
Local Taxes	$1.100	$1.100	$1.100	$1.100

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.300	$2.500	$2.500
Local Taxes	$0.000	$1.000	$1.100	$1.100

Assumptions

- Seattle makes up 58% of Washington sales by the Motion Picture/Video Production industry.
- Cost of production is 40 percent of sales.
- 32 percent of the cost of production are the equipment\services exempted.
- Eleven months of collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

City of Seattle, Film Office

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Motion picture and video production companies
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.0316; 82.12.0316 - Cigarettes, tribal contracts

Description

Sales of cigarettes by Indian retailers are exempt from retail sales and use tax if their tribes have entered into a cigarette tax contract with the state of Washington.

Purpose

Cigarette contracts between the state and Indian tribes are intended to provide consistency in the regulation and taxation of cigarettes.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$19.500	$19.500	$19.500	$19.500
Local Taxes	$8.500	$8.500	$8.500	$8.500

Repeal of exemption

Repealing this exemption would not increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repeal of this exemption would not increase revenues.

Data Sources

- Department of Revenue
- Washington Economic and Revenue Forecast Council

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	State, local and Tribal governments
Taxpayer Count:	Not applicable
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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:
- The buyer's tribal membership or citizenship card;
- The buyer's certificate of tribal enrollment; or,
- 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
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.
- No revenue impact.

Data Sources

U. S. Census Bureau

82.08.0317 - Vehicle sales to tribal members

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2016
Primary Beneficiaries:	Enrolled tribal members within Washington State
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.032; 82.12.032 - Used park-model trailers

Description

The sale, rental, or lease in excess of 30 days of a used park-model trailer, is exempt from retail sales and use tax.

Purpose

To provide consistent tax treatment for used park-model trailers and residential real estate.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- Taxpayer savings and revenues realized are indeterminate, due to the lack of available data on sales and rentals.
- The amount of long-term rental activity for park model trailers is minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2001
Primary Beneficiaries:	Buyers, sellers, and long-term renters of used park model trailers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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 retail sales and use tax.

Purpose

To provide consist tax treatment for used mobile homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$71.942	$73.893	$75.808	$78.251
Local Taxes	$31.278	$32.126	$32.959	$34.020

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$67.736	$75.808	$78.251
Local Taxes	$0.000	$29.449	$32.959	$34.020

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Sales receipts grow at the rate forecasted for the Real Estate Excise tax.
- Rental receipts grow at the rate forecasted for property tax revenues.
- If the gross selling price for a mobile home sale was unavailable, the price was assumed to be the median value for all such sales showing nonzero values.
- For mobile home sales with a selling price above the median, 60 percent of the sales price was for the structure; the remaining portion was for land and thus the exemption does not apply.
- Among all sales classified as either single-family residences or mobile homes, 9.4 percent of these were for mobile homes. This assumption was necessary because many mobile homes are classified as single-family residences in the REET data.

Data Sources

- Washington State Economic and Revenue Forecast Council's March 2019 forecast
- Real estate excise tax forecast growth rate for sales
- Property tax forecast growth rate for rental receipts
- Department of Revenue real estate excise tax data
- U.S. Census Bureau, American Community Survey, 2013-2017, for information relating to mobile home counts and the number that are renter-occupied.
- Marcus & Millichap Research Services (2019). National Report: Manufactured House Communities, to estimate the average annual rental receipts from mobile homes, and vacancy rates.

82.08.033; 82.12.033 - Used mobile homes

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1979
Primary Beneficiaries:	Long-term renters and purchasers of used mobile homes
Taxpayer Count:	83,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.034; 82.12.034 - Used floating homes

Description

The sale, rental, or lease in excess of 30 days of a used floating home as defined in RCW 82.45.032, is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used floating homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.471	$0.478	$0.484	$0.495
Local Taxes	$0.205	$0.208	$0.210	$0.215

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.438	$0.484	$0.495
Local Taxes	$0.000	$0.190	$0.210	$0.215

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Gross rental receipts for long-term rentals are near zero or zero.
- Sales receipts grow at the rate forecasted for the real estate excise tax.
- If the gross selling price for a sale was unavailable, the price was assumed to be the median value for all such sales showing nonzero values.

Data Sources

- Washington State Economic and Revenue Forecast Council, March 2019
- Real estate excise tax forecast growth rate for sales
- King County Department of Assessments, dataset listing floating homes

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Purchasers of floating homes
Taxpayer Count:	Approximately 27 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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 in a retail or wholesale sale is exempt from retail sales and use taxes. The $1.00 tire assessment imposed under RCW 70.95.510 is also exempt from sales and use taxes.

Purpose

Items returned for recycling or remanufacturing are also exempt as trade-ins, so this exemption in not needed. The exemption for the tire fee assures that sales tax is not charged on another tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.942	$0.966	$0.990	$1.015
Local Taxes	$0.409	$0.420	$0.430	$0.441

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.885	$0.990	$1.015
Local Taxes	$0.000	$0.385	$0.430	$0.441

Assumptions

Growth rates for tire fees and core deposits are consistent with the March 2019 non-general fund revenue forecast for waste tire removal.

Data Sources

- Department of Revenue non-general fund forecast, March 2019
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1989
Primary Beneficiaries:	Buyers and sellers of new replacement vehicle tires and businesses accepting core deposits
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.037; 82.12.037 - Bad debts

Description

A seller may take a credit or refund on sales tax previously paid on "bad debts". A "bad debt" is a debt that is not collectable. Only the original seller may claim a credit or refund; claims are not assignable to third parties.

Purpose

To limit a seller's tax liability on sales for which the seller does not receive payment.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$6.610	$6.980	$7.362	$7.772
Local Taxes	$2.870	$3.030	$3.200	$3.380

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$6.400	$7.362	$7.772
Local Taxes	$0.000	$2.780	$3.200	$3.380

Assumptions

- Bad debt claims can only be taken by the original seller, they cannot be assigned or assumed by third parties (e.g. banks who purchase the receivables).
- July 1, 2020, effective date with 11 months of cash collections for Fiscal Year 2020.
- Growth rate mirrors the growth rate of sales tax collections reflected in the Economic and Revenue Forecast Council's March 2019 forecast.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1982
Primary Beneficiaries:	Businesses that collect and remit sales tax
Taxpayer Count:	2,400
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

82.08.080 - Vending machine sales

Description

The selling price for calculating the retail sales tax on sales of tangible personal property made through a vending machine is 60 percent of the gross receipts of the total sales made through the machine.

Purpose

To clarify and ease the calculation of retail sales tax on items sold through a vending machine at a fixed price.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.510	$1.510	$1.510	$1.510
Local Taxes	$0.657	$0.657	$0.657	$0.657

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.384	$1.510	$1.510
Local Taxes	$0.000	$0.548	$0.657	$0.657

Assumptions

- Used deduction data for vending machine operators (NAICS 454210).
- Adjusted for venders who did not take the deduction.
- Assume vending sales will remain constant so no growth.

Data Sources

- Department of Revenue excise tax data
- U.S. Census data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Operators of vending machines
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

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 when they purchase or use standard financial information. The purchases are exempt regardless of how the information is transmitted to the buyer:

- Digital download;
- Over the Internet; or,
- Tangible media, such as a disc or via paper.

A buyer may claim the exemption on no more than $15 million in purchases per calendar year. This exemption expires July 1, 2031.

Purpose

To exempt certain standard financial information, purchased by international investment management companies, from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This exemption applies to fewer than three taxpayers, so impacts cannot be disclosed.

Data Sources

Department of Revenue buyer addendum data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	International investment management firms
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review 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, 2021.

Purpose

To encourage nonresidents to utilize Washington businesses for the purchase, maintenance and repair of large airplanes.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would lead to a small increase in revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers reporting this incentive, therefore revenue impact cannot be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	Taxpayers who modify large planes
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

82.08.700; 82.12.700 - Boats sold to nonresidents - In-state use permit

Description

A retail sales and use tax exemption is provided for sales to a nonresident of vessels at least 30 feet in length from a Washington dealer if the purchaser displays a valid use permit. The purchaser must make an irrevocable election to take the exemption authorized under this statute or the exemption in either RCW 82.08.0266 or 82.08.02665. The 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 boat owned by a nonresident can remain in Washington waters. This helps to encourage purchases of new boats from Washington dealers and also increases tourism.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.546	$0.566	$0.589	$0.613
Local Taxes	$0.251	$0.259	$0.270	$0.280

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.519	$0.589	$0.613
Local Taxes	$0.000	$0.238	$0.270	$0.280

Assumptions

- Growth rate is same as the real nonresidential fixed investment growth in the Economic and Revenue Forecast Council's March 2019 forecast.
- Average value of a vessel over 50 feet is approximately $760,000.
- Average value of a vessel between 30 and 50 feet is approximately $150,000.
- Eliminating the permit fee will offset some taxpayer savings.
- July 1, 2020, effective date with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue permitting data
- Economic and Revenue Forecast Council's March 2019 forecast
- Maritime Federation

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:	31
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2017

82.08.803; 82.12.803 - Nebulizers

Description

A nebulizer is a device that converts a liquid medication into a mist that the patient inhales. Nebulizers prescribed for human use by a physician are exempt from retail sales and use tax. 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 of Revenue for a refund.

Purpose

Reduces the cost of nebulizers.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.449	$0.465	$0.481	$0.497
Local Taxes	$0.195	$0.202	$0.209	$0.216

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.426	$0.481	$0.497
Local Taxes	$0.000	$0.185	$0.209	$0.216

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- U.S. Census
- Market Research Report
- Washington State Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Persons who use prescribed nebulizers
Taxpayer Count:	424,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.804; 82.12.804 - Ostomic items

Description

Ostomic items used by colostomy, ileostomy, or urostomy patients are exempt from retail sales and use tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.980	$0.980	$0.980	$0.980
Local Taxes	$0.372	$0.372	$0.372	$0.372

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.898	$0.980	$0.980
Local Taxes	$0.000	$0.341	$0.372	$0.372

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Annual growth will remain flat.

Data Sources

Washington State Health Care Authority

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1988
Primary Beneficiaries:	Consumers of ostomic items
Taxpayer Count:	11,516
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.805; 82.12.805 - Aluminum smelter purchases

Description

Personal property used at an aluminum smelter, tangible personal property incorporated into buildings or other structures at an aluminum smelter, and labor and services rendered with respect to such personal property, buildings, and structures are exempt from the state portion of retail sales and use tax. The exemption is taken in the form of a B&O tax credit. This exemption expires on January 1, 2027.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers benefit from exemption; impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Aluminum smelters
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.806; 82.12.806 - Computer equipment for printers and publishers

Description

Purchases of computer equipment and software used primarily in the printing and publishing of all printed materials, and including installation and other related services, are exempt from retail sales and use taxes. Digital cameras are also exempted, but not computers and software used primarily for administrative purposes.

Purpose

To provide a tax incentive for the printing and publishing industry.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.410	$0.410	$0.410	$0.410
Local Taxes	$0.155	$0.155	$0.155	$0.155

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.375	$0.410	$0.410
Local Taxes	$0.000	$0.142	$0.155	$0.155

Assumptions

Eleven months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

- Commodity demand and commodity production reports from 2016 IMPLAN model for Washington State
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Newspapers and other printers and publishers
Taxpayer Count:	600
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

82.08.807; 82.12.807 - Direct mail delivery charges

Description

Delivery charges made for direct mail are exempt from retail sales and use tax 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 audience or a mailing list provided by the purchaser.

Purpose

To exempt from taxation delivery charges (postage) for direct mail.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.786	$0.855	$0.931	$1.013
Local Taxes	$0.342	$0.372	$0.405	$0.440

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.784	$0.931	$1.013
Local Taxes	$0.000	$0.341	$0.405	$0.440

Assumptions

- Retail sales tax growth rate forecast is used for this estimate.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Direct mailers paying for delivery
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016

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 construction, office equipment, building equipment, administrative supplies or vehicles.

Purpose

To encourage cancer research by a comprehensive cancer center as defined in RCW 82.04.4265.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Only one entity benefits from this exemption; impact cannot be disclosed.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Comprehensive cancer centers
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.809; 82.12.809 - Alternative fuel vehicles

Description

RCW 82.08.809 and 82.12.809 provide a sales and use tax exemption for sales of new passenger cars, light duty trucks, and medium duty passenger vehicles which:

- Are exclusively powered by a clean alternative fuel; or,
- 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 thirty miles using only battery power.

For sales through June 30, 2016, the price of the vehicle must be $35,000 or less to qualify for the exemption. For lease agreements signed on or after July 15, 2015, lease payments are exempt if the fair market value of the vehicle is $35,000 or less at the inception of the lease. For lease agreements signed before July 1, 2015, lease payments are exempt regardless of the fair market value of the vehicle.

Beginning July 1, 2016, the sales and use tax exemption is expanded to qualifying vehicles whose lowest manufacturer's suggested retail price for the base model are less than $42,500, as determined by the Department of Licensing.

The exemption is narrowed to a maximum of $32,000 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.

The exemption expires when the cumulative number of qualified vehicles titled in the state reaches 7,500, as determined by the Department of Licensing. The exemption expires effective after the last day of the calendar month immediately following the month the Department of Revenue (Department) receives notice from Department of Licensing that this vehicle count has been reached. The Department must provide notice on its website of the expiration of the exemption. All leased vehicles that qualified for the exemption before the expiration continue to be exempt from sales tax through the remainder of the lease up to the $32,000 maximum amount.

Every six months, beginning the last day of July 2016, the Department must report to the transportation committees of the Legislature the cumulative number of qualifying vehicles titled in the state and the corresponding dollar amount of exempted state retail sales and use tax since July 15, 2015.

This exemption expires July 1, 2019, if the cumulative number of qualified vehicles mentioned earlier is not reached prior. The exemption expired on May 31, 2018, due to the cumulative number of qualified vehicles being reached in March 2018 and the Department notified the following month.

Purpose

To encourage the sale of alternative fuel vehicles.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.602	$0.104	$0.000	$0.000
Local Taxes	$0.665	$0.043	$0.000	$0.000

82.08.809; 82.12.809 - Alternative fuel vehicles

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.104	$0.000	$0.000
Local Taxes	$0.000	$0.043	$0.000	$0.000

Assumptions

- Exemption expired for purchases on May 31, 2018.
- Leases that are entered on or before May 31, 2018, qualify for the exemption for the remainder of the lease payments due or until the total amount of lease payments reaches $32,000.
- Average lease term is 36 months, therefore leases entered during May 2018 would end by April 2021.
- Residual value for the lease is 78.2 percent of the sales price.
- Total lease payments is less than $32,000.

Data Sources

- Department of Revenue excise tax data
- Department of Licensing

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2005
Primary Beneficiaries:	Firms who sell and customers who purchase alternative fuel vehicles
Taxpayer Count:	3,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2017

82.08.809; 82.12.809 - Alternative fuel vehicles

Description

A portion of the sale price of certain new or used alternative fuel vehicles is exempt from retail sales and use tax.

For the purposes of this description, "alternative fuel vehicle" means passenger cars, light duty trucks, and medium duty passenger vehicles which either:

- Are exclusively powered by a clean alternative fuel; or,
- 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 thirty miles using only battery power.

For the purposes of this description, "sale price" means either:

- The total price of the vehicle plus trade in at the time of purchase; or,
- For leased vehicles, the total lease payments made on the lease, plus the purchase price of the vehicle if the original lessee purchases it.

New alternative fuel vehicles with a selling price up to $45,000 qualify for this exemption. The exempt amount is determined as follows:

- August 1, 2019, through July 31, 2021, up to $25,000 of the sale price is exempt;
- August 1, 2021, through July 31, 2023, up to $20,000 of the sale price is exempt;
- August 1, 2023, through July 31, 2025, up to $15,000 of the sale price is exempt.

For new leased vehicles, the same dollar caps and timelines apply as above. However, the tax exemption is taken against the total lease payments made plus the selling price of the leased vehicle, if the original lessee purchases the leased vehicle.

Used alternative fuel vehicles with a selling price up to $30,000 also 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 tax.

For new and used vehicles, the qualification period end date is August 1, 2025. All vehicle leases signed by the qualification period end date continue to be exempt from retail sales tax until August 1, 2028.

Purpose

To encourage the sale of alternative fuel vehicles.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$6.907	$10.359	$10.880	$13.184
Local Taxes	$2.900	$4.300	$4.500	$5.500

Repeal of exemption

Repealing this exemption would increase revenues.

82.08.809; 82.12.809 - Alternative fuel vehicles

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$9.521	$10.880	$13.184
Local Taxes	$0.000	$3.900	$4.500	$5.5000

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Sales of qualifying vehicles will grow by an average of 20 percent per year.
- Average lease term is 36 months. To adjust for leases signed over the course of a fiscal year, sales tax is allocated over four fiscal years with six months of payments reflected in the first and fourth year and 12 months of payments reflected in the second and third year.
- Average residual value of the leased vehicle is 55 percent.
- Exemption began August 1, 2019; taxpayer savings in Fiscal Year 2020 reflect a 10 month impact.

Data Sources

- Office of Financial Management, November 2018 transportation revenue forecast
- Washington State Department of Licensing

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2019
Primary Beneficiaries:	Consumers purchasing a new and used alternative fuel vehicle
Taxpayer Count:	8000
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.810; 82.12.810 - Air pollution control facilities

Description

Construction of air pollution control facilities at a thermal electric generating facility placed in operation after 1969 and before July 1, 1975, is exempt from retail sales and use tax. The exemption is contingent upon production levels for the plant maintained above the 20 percent annual capacity factor between 2002 and 2023. All or a portion of the tax previously exempted must be repaid if production falls below this level.

Purpose

To encourage installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption will increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Centralia Steam Plant facility will cease burning coal by 2025.
- No additional equipment purchases anticipated.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Centralia thermal generating plant
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

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, 1995, are exempt from retail sales and use tax. 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; and,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Exemption impact affects fewer than three taxpayers; revenue impact is confidential.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Centralia thermal generating plant
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.816; 82.12.816 - Electric vehicle battery charging stations

Description

Sales of batteries, fuel cells and infrastructure for electric or hydrogen vehicles are exempt from retail sales and use tax. 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; or,
- 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 and renewable hydrogen production facilities. Renewable hydrogen means hydrogen produced using renewable resources both as the source for hydrogen and the source for the energy input into the production process. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.036	$1.237	$0.681	$0.486
Local Taxes	$0.450	$0.537	$0.262	$0.211

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.135	$0.681	$0.486
Local Taxes	$0.000	$0.492	$0.262	$0.211

Assumptions

- Sales growth for smaller recharging infrastructure is 10 percent.
- National Renewable Energy Laboratory published the Hydrogen Station Cost Estimate report in 2013. Based on the report, the average cost for a hydrogen fueling station is approximately $3 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

additional 25 developing. In 2015, 5 fueling stations were opened. This number jumped to 19 additional stations built in 2016. There are no hydrogen fuel stations in Washington, but with California's implementation, Washington would most likely install one fuel station a year beginning in Fiscal Year 2021.

- Oregon Public Broadcasting article dated April 15, 2019, states Douglas County public utility district (PUD) plans on purchasing a 2-3 megawatt electrolyzer to split water molecules to make hydrogen. PUD estimates the cost of the electrolyzer at $3 million and the purchase to occur in 2-3 years.
- The Department is unaware of any plans for a renewable hydrogen production facility besides Douglas PUD's project.
- The impact could increase significantly if a facility is built.

Data Sources

- Oregon Public Broadcasting article, www.opb.org/news/article/hydrogen-h2-fuel-renewable-dams-hydropower-washington/
- California Fuel Cell Partnership, https://cafcp.org/sites/default/files/h2_station_list.pdf

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Owners of electric or hydrogen vehicles
Taxpayer Count:	28,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2017

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 retail sales and use tax 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 percent of the state retail sales and use taxes paid on construction; and,
- 50 percent of the state retail sales and use taxes paid on equipment, including materials handling and racking equipment.

Grain elevators receive an exemption of state retail sales and use taxes paid based on capacity of the facility:

- 50 percent exemption with bushel capacity of 1 million, but less than 2 million;
- 100 percent exemption with bushel capacity of 2 million or more.

Purpose

To encourage construction of warehouses and grain elevators in Washington and to increase the competitiveness of warehouse and distribution industry in the state.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$7.200	$7.300	$7.500	$7.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$6.700	$7.500	$7.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax savings (refunds) grow 2.5 percent a year.
- Eleven months of collections in Fiscal Year 2021 with July 1, 2020 effective date.

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:	Warehouse firms, distribution centers, grain elevators
Taxpayer Count:	8
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2018

82.08.830 - Nonprofit camps and conference centers

Description

Items sold by nonprofit organizations at camps or conference centers are exempt from retail sales tax if:

- The sales takes place on property exempt from the property tax; and,
- The income from the sale is exempt from B&O tax.

The exemption covers items such as 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.241	$1.278	$1.315	$1.354
Local Taxes	$0.540	$0.556	$0.573	$0.590

Repeal of exemption

Repealing this exemption would increase state revenues. Nonprofit organizations would collect and remit retail sales tax on items sold at camps and conference centers.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.172	$1.315	$1.354
Local Taxes	$0.000	$0.463	$0.573	$0.590

Assumptions

- Camps are an $18 billion nationwide industry.
- Overall, 5 percent of camp and conference income is from bookstore type sales.
- Annual growth of 3 percent.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- National Center for Charitable statistics
- https://www.acacamps.org/press-room/aca-facts-trends, American Camp Association

82.08.830 - Nonprofit camps and conference centers

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1997
Primary Beneficiaries:	Participants at camps and conferences operated by nonprofit organizations
Taxpayer Count:	Around 200 organizations that offer camps and conferences
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.08.832; 82.12.832 - Gun safes

Description

Sales of gun safes are exempt from retail sales and use tax. Gun safes are locked enclosures specifically designed to store firearms. The exemption does not include trigger lock devices.

Purpose

To encourage the purchase and use of gun safes.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.908	$0.940	$0.972	$1.004
Local Taxes	$0.395	$0.409	$0.422	$0.436

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.861	$0.972	$1.004
Local Taxes	$0.000	$0.374	$0.422	$0.436

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Economic and Revenue Forecast Council's March 2019 forecast
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Purchasers of safes
Taxpayer Count:	74
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

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 2020	FY 2021	FY 2022	FY 2023
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 Internal Revenue Service changed its policy and no longer allows investors to write-off depreciation for federal taxes for sale and leaseback arrangements, so the RTA no longer uses this financing mechanism.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This financing mechanism is no longer used.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Regional Transit Authority
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

82.08.850; 82.12.850 - Conifer seedlings exported

Description

Sales of conifer seeds that are immediately placed in freezer storage operated by the seller are exempt from retail sales and use tax if they are 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Only a small number of businesses are likely to export conifer seedlings.
- One large nursery in a rural county exports the majority of conifer seedlings, so taxpayer information is confidential.

Data Sources

- www.forestseedlingnetwork.com
- Department of Revenue excise tax data

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 taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 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 retail 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$22.284	$22.593	$23.642	$24.351
Local Taxes	$6.147	$6.332	$6.522	$6.717

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$22.522	$23.642	$24.351
Local Taxes	$0.000	$5.277	$6.522	$6.717

Assumptions

- Annual growth mirrors the average from 2008-2012 growth per National Agricultural Statistics Service data.
- July 1, 2020, effective date with 11 months of collections in Fiscal Year 2021.
- Two-thirds of the total expense for repairs, supplies, and maintenance is the taxable cost of farm machinery replacement parts and cost of repairs.

Data Sources

Washington Annual Agricultural Bulletin: National Agricultural Statistic Service

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Farmers
Taxpayer Count:	4,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.865; 82.12.865 – Fuel used on farms

Description	Sales of diesel fuel, biodiesel fuel, or aircraft fuel to a farmer or a person who provides horticulture services for farmers are exempt from retail 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 who use aircrafts on their farms for crop dusting.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$20.071	$23.356	$21.644	$22.283
Local Taxes	$5.444	$6.335	$5.871	$6.044

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$21.410	$21.644	$22.283
Local Taxes	$0.000	$5.279	$5.871	$6.044

Assumptions

- No growth rate for fuel consumption by farmers.
- Price of Washington Retail Diesel Price mirrors the Office of Financial Management forecast.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Joint Legislative Audit & Review Committee references
- Office of Financial Management- Forecast of Quarterly Fuel Prices 2017
- U. S. Energy Information Administration (EIA) - Washington No 2 Diesel Sales/Deliveries to Farm Consumers
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Washington farms or crop dusters powering their farm equipment or aircraft with diesel
Taxpayer Count:	800
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.870; 82.12.870 – Motorcycles used for rider training programs

Description

Retail 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 that are loaned to DOL for use in a motorcycle rider-training program, or to persons contracting with DOL to provide such training.

Purpose

Supports motorcycle rider-training programs.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.002	$0.002	$0.002	$0.002

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.002	$0.002	$0.002

Assumptions

- One motorcycle purchased by each rider training school, per year.
- Average cost of motorcycles purchased by rider training schools is $4,000.

Data Sources

- Washington Department of Licensing
- Economic and Revenue Forecast Council’s March 2019 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	Department of Licensing and contractors who provide motorcycle training
Taxpayer Count:	13
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

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 retail sales and use tax. 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 other federal agency, and the reimbursement is paid directly by the federal agency to the seller. This exemption expires July 1, 2028.

Purpose

To decrease costs of prescribed add-on automotive adaptive equipment to veterans.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.154	$0.159	$0.165	$0.170
Local Taxes	$0.067	$0.069	$0.072	$0.074

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.146	$0.165	$0.170
Local Taxes	$0.000	$0.064	$0.072	$0.074

Assumptions

- Assume zero growth.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Purchasers of prescribed add-on automotive adaptive equipment
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2017

82.08.880; 82.12.880 - Livestock medicine

Description

Pharmaceuticals used by farmers for livestock are exempt from retail sales and use tax. The United States Department of Agriculture or the United States Food and Drug Administration 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.285	$2.285	$2.285	$2.285
Local Taxes	$0.620	$0.620	$0.620	$0.620

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.095	$2.285	$2.285
Local Taxes	$0.000	$0.568	$0.620	$0.620

Assumptions

- Average for expenditures for medical supplies, veterinary and custom services for livestock is $70 million.
- 50 percent of these expenditures are for livestock medicine.
- Growth rate of zero percent.
- Eleven months of collections in Fiscal Year 2021 with July 1, 2020 effective date.

Data Sources

- U. S. Department of Agriculture, annual Agricultural Resource Management Survey data
- Department of Revenue local tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Farmers who raise animals for sale
Taxpayer Count:	18,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

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 retail sales and use tax. The exemption applies to purchases made after the management plan is certified pursuant to the law. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.398	$0.398	$0.398	$0.398
Local Taxes	$0.108	$0.108	$0.108	$0.108

Repeal of exemption

Repealing this exemption would increase revenues. Operators of facilities used for livestock nutrient management would pay retail sales and use tax on equipment.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.365	$0.398	$0.398
Local Taxes	$0.000	$0.090	$0.108	$0.108

Assumptions

- 480 dairy farms in Washington State located in 29 counties.
- Over $1 million specifically deducted for livestock nutrient management by 9 businesses in Fiscal Year 2018.
- Over 900 businesses claim exempt sales to farmers.
- Half of the businesses sell exempt nutrient management equipment to dairy farmers.
- No growth due to varying data and a fairly stable dairy industry.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Dairies and livestock operations
Taxpayer Count:	480
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2015

82.08.900(a) – Biogas from a landfull 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.497	$0.497	$0.497	$0.497
Local Taxes	$0.135	$0.135	$0.135	$0.135

Repeal of exemption

Repealing this exemption would increase state revenues. Owners of landfills would pay retail sale and use tax on biogas conditioning, compression, and electrical generation equipment including construction and repairs.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.455	$0.497	$0.497
Local Taxes	$0.000	$0.113	$0.135	$0.135

Assumptions

- Cost of landfill gas (LFG) projects depend on a number of factors, including the size, location, and layout of the landfill.
- Major capital outlays include designs, permits, and installation.
- Major operation and maintenance costs include parts and materials, financing, and administration.
- About 25 landfills have LFG collection systems, 17 quantify gas collection.
- Most landfills "flare" the methane gas. Three landfills use renewable natural gas (RNG) for vehicle fuel and four generate electricity by reciprocating engines.
- The four electricity generating landfills have a capacity of about 35,000 kilowatts.
- Typical maintenance costs $180 per kilowatt per year.
- Of the three landfills that use RNG, two landfills use a pipeline injection process, one is local use.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

82.08.900(a) – Biogas from a landfull processing equipment

Data Sources

- EPA Landfill Methane Outreach Program https://www.epa.gov/lmop/project-and-landfill-data-state
- Environmental and Energy Study Institute fact sheet https://www.eesi.org/papers/view/fact-sheet-landfill-methane

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2018
Primary Beneficiaries:	Landfill owners
Taxpayer Count:	Around 25 active landfills
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.900(b); 82.12.900(b) - Anaerobic digesters

Description

Persons establishing or operating anaerobic digesters are exempt from retail sales and use tax on certain purchases, including labor charges. The exemption covers construction, repairs, cleaning, altering or improvements to an anaerobic digester and the equipment necessary to process the biogas into marketable coproducts.

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 also 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 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.108	$0.108	$0.108	$0.108
Local Taxes	$0.029	$0.029	$0.029	$0.029

Repeal of exemption

Repealing this exemption would increase state revenues. Owners of anaerobic digesters would pay retail sale and use tax on digester construction and repairs.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.099	$0.108	$0.108
Local Taxes	$0.000	$0.024	$0.029	$0.029

Assumptions

- No growth due to small number of digesters.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data

82.08.900(b); 82.12.900(b) - Anaerobic digesters

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Washington dairies
Taxpayer Count:	Approximately 10 dairy digesters
Program Inconsistency:	None evident
JLARC Review:	JLARC did an expedited report in 2015

82.08.910; 82.12.910 - Gas used to heat chicken houses

Description

Poultry farmers are exempt from the retail sales and use tax 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.833	$1.871	$1.910	$1.951
Local Taxes	$0.497	$0.507	$0.518	$0.529

Repeal of exemption

Repealing this exemption would increase state revenues. Poultry farmers would pay sales and use tax on purchases of propane and natural gas to heat chicken houses and barns.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.715	$1.910	$1.951
Local Taxes	$0.000	$0.422	$0.518	$0.529

Assumptions

- Specific data for farmer purchases of propane or natural gas to heat chicken houses is not available.
- Estimate based on gross production value of poultry and eggs.

Data Sources

2012 U. S. Agriculture census and National Agricultural Statistical Services.

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Poultry producers
Taxpayer Count:	60
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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 retail sales and use tax 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.444	$0.455	$0.467	$0.479
Local Taxes	$0.121	$0.123	$0.127	$0.130

Repeal of exemption

Repealing this exemption would increase state revenues. Poultry farmers would pay retail sales and use tax on chicken bedding.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.417	$0.467	$0.479
Local Taxes	$0.000	$0.103	$0.127	$0.130

Assumptions

- Popularity of free range chicken production is on the rise.
- Specific data for farmer purchases of bedding materials for chicken houses is not available.
- Estimate based on gross production value of poultry and eggs.

Data Sources

2012 U. S. Agriculture Census and National Agricultural Statistics Service data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Chicken producers
Taxpayer Count:	60
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report 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 retail sales and use tax.

Purpose

To lessen the cost of prescribed dietary supplements.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$5.863	$5.980	$6.100	$6.222
Local Taxes	$2.228	$2.272	$2.318	$2.364

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$5.482	$6.100	$6.222
Local Taxes	$0.000	$2.083	$2.318	$2.364

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

2015 NBJ Supplement Business Report
https://www.newhope.com/managing-your-business/2015-nbj-supplement-business-report-tough-year-supplements-numbers

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons who take dietary supplements
Taxpayer Count:	3.7 million
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.935; 82.12.935 - Drug delivery systems

Description

Disposable devices used to deliver drugs for human use are exempt from retail sales and use tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.932	$1.932	$1.932	$1.932
Local Taxes	$0.840	$0.840	$0.840	$0.840

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.771	$1.932	$1.932
Local Taxes	$0.000	$0.770	$0.840	$0.840

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Annual growth will remain flat.

Data Sources

Washington State Health Care Authority

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:	JLARC completed an expedited report in 2013

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 retail sales and use tax if they are:

- Prescribed directly for patients; or,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$34.166	$35.362	$36.600	$37.881
Local Taxes	$14.854	$15.374	$15.912	$16.469

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$32.416	$36.600	$37.881
Local Taxes	$0.000	$14.093	$15.912	$16.469

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Annual growth will be 3.5 percent.
- Five percent of the deductions taken in Washington State for prescriptions are for over-the-counter drugs sold by prescription.

Data Sources

- Department of Revenue excise tax return data
- "Growth in the US Prescription Drug Market Slows", PharmTech.com, downloaded March 6, 2015

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Persons using prescribed over-the-counter drugs
Taxpayer Count:	2,038
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.945; 82.12.945 - Kidney dialysis equipment

Description

Kidney dialysis devices for human use are exempt from retail sales and use tax. The exemption includes repair and replacement parts for the equipment.

Purpose

To reduce the cost of dialysis equipment.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.217	$3.217	$3.217	$3.217
Local Taxes	$1.398	$1.398	$1.398	$1.398

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.949	$3.217	$3.217
Local Taxes	$0.000	$1.282	$1.398	$1.398

Assumptions

- Assume zero growth after 2017.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Centers for Disease Control and Prevention
- Diabetes.org

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Hospitals and clinics that purchase kidney dialysis equipment
Taxpayer Count:	2,327
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.950; 82.12.950 - Electricity and steam

Description

This statute specifically exempts electricity and steam from retail sales and use tax.

Note: This exemption does not change the taxability of electricity and steam. The definition of tangible personal property subject to Washington sales and use tax excludes 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

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:	JLARC completed an expedited report in 2017

82.08.956; 82.12.956 - Hog fuel used to produce energy

Description

Hog fuel used to produce electricity, steam, heat, or biofuel is exempt from retail sales and use taxes. Hog fuel is wood waste and other wood residuals including forest derived biomass, excluding firewood and wood pellets.

This exemption expires June 30, 2024.

Purpose

To utilize Washington's abundant natural resources to promote diversified renewable energy use.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.030	$2.030	$2.030	$2.030
Local Taxes	$0.880	$0.880	$0.880	$0.880

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.861	$2.030	$2.030
Local Taxes	$0.000	$0.733	$0.880	$0.880

Assumptions

- Eleven months of collections in Fiscal Year 2021 with July 1, 2020, effective date.
- Incentive amount taken over last 3 years is very consistent, no growth assumed.

Data Sources

Annual incentive reports and surveys submitted by taxpayers

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	The forest products industry
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.962(1)(a)-(1)(c)(i)(A); 82.12.962(1)(a)-(1)(c)(i)(A) - Renewable energy equipment capable of generating not less than 1,000 watts of electricity

Description

A sales and use tax 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. In order to qualify for the exemption, the purchaser must use the machinery and equipment to develop a facility capable of generating at least one thousand watts of electricity. The exemption also includes sales of 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 percent exemption. Beginning July 1, 2011, through December 31, 2019, qualifying purchases are eligible for a 75 percent exemption in the form of a refund to the purchaser.

From October 1, 2017, through December 31, 2019, the exemption does not apply to sales of solar energy systems, unless the system is capable of generating more than 500 kW of electricity.

Starting on January 1, 2020, the exemption changes to the following:

- 50 percent of state and local sales and use tax paid if the Department of Labor and Industries certifies the project included procurement from and contracts with women, minority, or veteran-owned businesses. Project will still qualify for 50 percent exemption if it's proven the developer made a good faith effort to meet the standard. This exemption includes solar energy systems capable of generating more than 100 kilowatts but less than 500 kilowatts of electricity.
- 75 percent of state and local sales and use tax paid if the Department of Labor and Industries certifies the project meets the standards stated at the 50 percent level and compensates workers at prevailing wage rates determined by local collective bargaining determined by the Department of Labor and Industries.
- 100 percent of the state and local sales and use tax paid if the Department of Labor and Industries 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.

82.08.962(1)(a)-(1)(c)(i)(A); 82.12.962(1)(a)-(1)(c)(i)(A) - Renewable energy equipment capable of generating not less than 1,000 watts of electricity

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.014	$0.015	$0.016	$0.018
Local Taxes	$0.006	$0.006	$0.007	$0.008

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.014	$0.016	$0.018
Local Taxes	$0.000	$0.006	$0.007	$0.008

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- U.S. Energy Information Administration provided a report stating the growth of the renewable sector is estimated to be between 6 percent and 17 percent.
- Utilized 10 percent growth rate for renewable energy sales tax exemption.
- Historically, the Department of Revenue has received a large remittance for a renewable energy project approximately every five years; so, another large project will likely be completed by the end of Calendar Year 2024 with the tax refund remitted in Fiscal Year 2025.
- Small projects will meet the standards to achieve a 75 percent sales and use tax exemption.
- Large projects will have time to complete a community workforce or project labor agreement to meet the 100 percent sales and use tax exemption.

Data Sources

- Department of Revenue tax data
- Washington State University Energy Program
- Renewablenw.org

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:	JLARC completed a full review in 2011

82.08.962(1)(c)(i)(B); 82.12.962(1)(c)(i)(B) - Solar energy equipment capable of generating more than one hundred kilowatts AC but no more than five hundred 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 retail sales tax 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 under RCW 82.08.962 and 82.12.962, and must provide the following documentation to the Department as part of the application in order to qualify for the remittance:

- A copy of the contractor's certificate of registration in compliance with chapter 18.27 RCW;
- The contractor's current state unified business identifier number;
- A copy of the contractor's proof of industrial insurance coverage for the contractor's employees working in Washington as required in Title 51 RCW;
- Employment security department number as required in Title 50 RCW; and, a state excise tax registration number as required in Title 82 RCW;
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.439	$0.880	$1.055	$1.266
Local Taxes	$0.191	$0.383	$0.459	$0.551

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.807	$1.055	$1.266
Local Taxes	$0.000	$0.351	$0.459	$0.551

82.08.962(1)(c)(i)(B); 82.12.962(1)(c)(i)(B) - Solar energy equipment capable of generating more than one hundred kilowatts AC but no more than five hundred kilowatts AC of electricity

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Utilized a 20 percent growth solar systems between 100 - 500 kilowatts based on data from Solar Energy Industry Association.
- Beginning January 1, 2020, solar energy systems between 100 and 500 kilowatts are eligible for sales and use tax exemption in the form of remittance. Only systems installed on or after January 1, 2020 can apply for remittance; utilized 60 percent of the annual impact of large scale systems for Fiscal Year 2020.

Data Sources

- Washington State University Energy Program
- Solar Energy Industry Association

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Purchasers of solar energy equipment
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.962(1)(e); 82.12.962(1)(e) - Solar energy equipment capable of generating no more than one hundred kilowatts AC of electricity

Description

Beginning July 1, 2019, a retail sales and use tax exemption is available on purchases of machinery and equipment, and the labor and services rendered to install such machinery and equipment, used to generate less than 100 kw electricity.

To qualify for the exemption, the seller must meet the following requirements at the time of sale:

- Has obtained a certificate of registration in compliance with chapter 18.27 RCW;
- Has obtained a current state unified business identified number;
- Possesses proof of industrial insurance coverage for the contractor's employees working in Washington as required in Title 51 RCW; employment security department number as required in Title 50 RCW; and, a state excise tax registration number as required in Title 82 RCW;
- 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 twenty-four months.

To qualify for this exemption, the buyer 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, to qualify for the exemption.

Purpose

To support production of renewable energy sources.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$4.385	$5.118	$5.476	$5.860
Local Taxes	$1.905	$2.224	$2.379	$2.546

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$4.692	$5.476	$5.860
Local Taxes	$0.000	$2.039	$2.379	$2.546

82.08.962(1)(e); 82.12.962(1)(e) - Solar energy equipment capable of generating no more than one hundred kilowatts AC of electricity

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Purchasers of systems smaller than 100 kilowatts will utilize contractors who comply with the labor requirements in order to receive the sales and use tax exemption on the cost of labor.
- Utilized a 7 percent growth for smaller solar systems based on data from the Solar Energy Industry Association.
- Exemption began July 1, 2019; taxpayer savings in Fiscal Year 2020 reflect an 11 month impact.

Data Sources

- Washington State University Energy Program
- Solar Energy Industry Association

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Purchasers of solar energy equipment
Taxpayer Count:	350
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.965; 82.12.965 - Semiconductor materials manufacturing after $1 billion investment - construction costs

Description

A retail sales and use tax exemption is available to manufacturers of semiconductor materials who construct new buildings, or parts of new buildings used for qualified manufacturing activities. The exemption 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 dollars.

The investment criterion has not been met, and is unlikely to occur during the forecast period of this study. If the exemption does become effective, it will expire 12 years after the effective date.

Purpose

To retain and attract semiconductor firms in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 if the contingency is met.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Description

An exemption from retail sales and use tax is provided 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 preferential tax rate under this section must reimburse the department for fifty percent of the amount of the tax preference under this section, if the number of persons employed by the person claiming the tax preference is less than ninety percent of the person's three-year employment average for the three years immediately preceding the year in which the preferential tax rate is claimed.

This exemption expires December 1, 2028.

Purpose

To encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.745	$1.830	$1.919	$2.013
Local Taxes	$0.451	$0.473	$0.496	$0.520

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.678	$1.919	$2.013
Local Taxes	$0.000	$0.433	$0.496	$0.520

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Annual growth rate of 4.9 percent.

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:	Businesses
Year Enacted:	2006
Primary Beneficiaries:	Businesses that manufacture semiconductor materials
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

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 retail sales and use tax 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 dollars. The exemption expires 12 years after the effective date, or January 1, 2024, if the contingency has not occurred.

Purpose

Encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues, assuming the exemption becomes effective.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

82.08.975; 82.12.975 - Airplane pre-production computer expenditures

Description

Computer hardware, peripherals, and software used primarily to develop, design, or engineer aerospace products or provide aerospace services, are exempt from retail sales and use tax. Charges for labor and services rendered in respect to the installation of the equipment is also exempt. This exemption expires July 1, 2040.

Purpose

Encourages the development and engineering of commercial airplanes in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.800	$2.900	$2.900	$3.000
Local Taxes	$1.200	$1.200	$1.300	$1.300

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.600	$2.900	$3.000
Local Taxes	$0.000	$1.100	$1.300	$1.300

Assumptions

- Use of computers (hardware, peripherals, and software) in aerospace products designing will grow with Consumer Price Index (CPI) from the Economic and Revenue Forecast Council's March 2019 forecast.
- 11 months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of commercial aircraft and components
Taxpayer Count:	14
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.980; 82.12.980 - Commercial airplane facilities on port district property

Description

A retail sales and use tax exemption 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; and,
- 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 the course of construction; and,
- Labor and services rendered for installing building fixtures not eligible for the exemption under RCW 82.08.02565(2)(b).

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.

A person reporting under the tax rate must file a complete annual tax performance report with the department.

Purpose

To encourage the building of commercial aircraft assembly facilities in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

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

Data Sources

None

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 taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

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 retail sales and use tax. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.301	$0.307	$0.316	$0.328
Local Taxes	$0.131	$0.134	$0.137	$0.142

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.282	$0.316	$0.328
Local Taxes	$0.000	$0.122	$0.137	$0.142

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rate is the same as that for manufacturing from the March 2019 Economic and Revenue Forecast Council forecast.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Businesses creating molds
Taxpayer Count:	48
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.08.985; 82.12.985 - Insulin

Description

Insulin for use by humans is exempt from retail sales and use tax.

Purpose

To reduce the cost of insulin.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$38.074	$38.835	$39.611	$40.404
Local Taxes	$16.553	$16.884	$17.222	$17.566

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$35.599	$39.611	$40.404
Local Taxes	$0.000	$15.477	$17.222	$17.566

Assumptions

- Growth of 2 percent per year.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Centers for Disease Control and Prevention
- Diabetes.org

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Persons with diabetes
Taxpayer Count:	530,059
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.986; 82.12.986 - Data center equipment and infrastructure

Description

There is a retail sales and use tax exemption on qualified purchases of eligible server equipment and eligible power infrastructure for data centers that are located in a rural county. The exemption also includes charges for labor and services associated with installation of the equipment and power infrastructure.

Requirements to qualify:

- Facility must meet employment and facility size criteria;
- Facility is located in a rural county as defined in RCW 82.14.370; and,
- Commencement of construction must occur:
  - After March 31, 2010, and before July 1, 2011; or,
  - After March 31, 2012, and before July 1, 2015; or,
  - After June 30, 2015, and before July 1, 2025.

This exemption is limited to eight data centers that begin construction between July 1, 2015, and July 1, 2019, and a total of twelve data centers through July 1, 2025.

This exemption expires January 1, 2026.

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$48.057	$48.057	$48.057	$48.057
Local Taxes	$13.035	$13.035	$13.035	$13.035

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$44.052	$48.057	$48.057
Local Taxes	$0.000	$11.949	$13.035	$13.035

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Taxpayers utilizing this exemption are filing an annual tax incentive survey to indicate the amount of exemption received.
- No growth rate assumed due to volatility.

82.08.986; 82.12.986 - Data center equipment and infrastructure

Data Sources

Department of Revenue annual tax incentive survey data.

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Data centers located in rural counties
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2016

82.08.990 - Interstate commerce - Import and export shipments

Description

Tangible personal property imported to or exported from the U.S. is exempt from retail sales tax. This clarifies, in state statute, the U.S. Constitutional prohibition against taxation of interstate commerce. The exemption does not generally apply to property used, processed or handled within the state.

Purpose

Codifies the Department's historical sales tax treatment of imports and exports as reflected in WAC 458-20-193C. This statute provides certainty and clarity concerning taxation of property in the process of international shipment and is not dependent on future court interpretations of the constitutional limitations on the taxation of imports and exports.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repeal of this exemption would not increase revenues. There are other statutes in this section which also address certain aspects of the issue of imports and exports, particularly RCW 82.08.0254 - the catch-all exemption for constitutionally prohibited activities. Traditionally these statues showed the impacts relating to import and export shipments.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Any impact the repeal of this statute may have is minimal and indeterminate.

Data Sources

None

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:	Not reviewed by JLARC

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 retail sales and use tax 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; or,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.002	$0.002	$0.003	$0.003
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.002	$0.003	$0.003
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- Growth rate mirrors the retail sales tax growth rate reflected in the Economic & Revenue Forecast Council's March 2019 forecast.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Capitol Hill Housing Improvement Program
- Pike Place Market Preservation Development Authority
- Economic & Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	Public development authorities
Taxpayer Count:	Less than 10 taxpayers
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.996, 82.12.996 - Battery powered electric vessels

Description

Retail sales and use tax does not apply on sales of:

- New battery-powered electric marine propulsion systems with a continuous power greater than 15 kilowatts; and,
- New vessels equipped with battery-powered electric marine propulsion systems with a continuous power greater than 15 kilowatts.

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. The exemption includes 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.

This exemption expires July 1, 2025.

Purpose

To encourage the sale of inboard or outboard battery-powered electric marine propulsion systems for vessels.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.008	$0.034	$0.036	$0.038
Local Taxes	$0.438	$0.015	$0.016	$0.016

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.029	$0.036	$0.038
Local Taxes	$0.000	$0.013	$0.016	$0.016

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- National growth for boat sales is 5 percent.
- Electric boats are about 0.1 percent of the sales.
- Electric boats are forecasted to grow 11 percent annually.
- Per Geekwire, November 1, 2018, Seco Development plans to build and operate three electric water taxis from Lake Union to Renton by 2020. It is assumed the taxis will be purchased in Fiscal Year 2020.
- Exemption began August 1, 2019, therefore taxpayer savings in Fiscal Year 2020 reflects a 10 month impact.

82.08.996, 82.12.996 - Battery powered electric vessels

Data Sources

- Geekwire article, https://www.geekwire.com/2018/developer-plans-launch-water-taxis-connect-seattle-regions-tech-hubs-2020/
- PR Newswire article, https://www.prnewswire.com/news-releases/electric-boats-market-to-represent-a-significant-expansion-at-110-cagr-during-2018---2028---future-market-insights-684173351.html
- Businesswire article, https://www.businesswire.com/news/home/20180109005475/en/U.S.-Boat-Sales-Strong-Heading-2018-Poised

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2019
Primary Beneficiaries:	Businesses and consumers purchasing electric vessels
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.997 - Temporary medical housing

Description

Sales of temporary medical housing provided by health and social welfare organizations are exempt from retail sales and use tax.

Purpose

Reduces the cost of temporary housing for patients and their families while undergoing medical treatment.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.187	$0.187	$0.187	$0.187
Local Taxes	$0.268	$0.268	$0.268	$0.268

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.172	$0.187	$0.187
Local Taxes	$0.000	$0.223	$0.268	$0.268

Assumptions

- Current facilities: Ronald McDonald Houses (Seattle and Spokane), Sunshine House, Our House, Inn @ Cherry Hill, Transplant House, Fisher House, Tree House - A place for families, Pete Gross House/SCCA house, Because there is Hope House.
- Ronald McDonald Houses and Fisher House do not charge fees, request contributions.
- Transplant House rents by month, Pete Gross House rents by month and night.
- No growth due to small number of hospitality houses, limited number of rooms.
- 90 percent occupancy rate year around.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- National Association of Hospital Hospitality Houses Incorporated (NAHHH)
- Individual hospitality house websites

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2008
Primary Beneficiaries:	Persons seeking medical treatment away from their homes
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.998; 82.12.998 - Weatherization assistance program

Description

Sales and use tax does not apply to tangible personal property used in the weatherization of a residence under the low-income residential weatherization program, chapter 70.164 RCW. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.405	$0.421	$0.438	$0.456
Local Taxes	$0.174	$0.181	$0.188	$0.196

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.385	$0.438	$0.456
Local Taxes	$0.000	$0.166	$0.188	$0.196

Assumptions

- 25 percent of spending on weatherization for materials.
- Revenue impact growth of four percent annually.
- Eleven months of collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

Washington Department of Commerce

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Low income residents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption is unlikely to result in substantial tax revenues because these entities are already exempt, with the possible exception of tribal participants in some circumstances.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is confidential because exemption affects fewer than three taxpayers.

Data Sources

- Department of Revenue data sources
- The Washington State Attorney General's Office
- The Washington State Secretary of State's Office
- Various public sector water officials

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Existing governmental water consortiums
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales and use tax.

Purpose

To treat the prescription use of bottled water in a similar manner to all other medical prescriptions. Medical prescriptions are exempt from retail sales and use tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.005	$0.005	$0.005	$0.005
Local Taxes	$0.002	$0.002	$0.002	$0.002

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.004	$0.005	$0.005
Local Taxes	$0.000	$0.002	$0.002	$0.002

Assumptions

July 1, 2020, effective date with 11 months of cash collections in Fiscal Year 2021.

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:	5
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 retail sales and use tax.

Purpose

To reduce the cost of required water.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Impact 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 in RCW 82.08.9994 and 82.12.9994.

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:	5
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9995; 82.12.9995 - Restaurant employee meals

Description

Meals provided to employees of restaurants without specific charge are exempt from retail sales and use tax.

Purpose

To resolve a long-standing issue regarding the application of retail sales and use tax law and to make administration of the sales tax easier for restaurants and the Department.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$3.505	$3.628	$3.753	$3.880
Local Taxes	$1.332	$1.378	$1.426	$1.474

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.433	$0.488	$0.505
Local Taxes	$0.000	$0.164	$0.185	$0.192

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Compliance rate of 13 percent for revenue collections in all Fiscal Years.

Data Sources

- U. S. Bureau of Labor Statistics
- May 2017 State Occupational Employment and Wage Estimates Washington, Food Preparation and Serving Related Occupations, Occupation code 35-0000
- Washington State Economic and Revenue Forecast Council February 2019 forecast
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2011
Primary Beneficiaries:	Restaurants
Taxpayer Count:	19,327
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9996; 82.12.9996 - Vessel deconstruction

Description

The retail sales and use tax does 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.

Purpose

To decrease the number of abandoned and derelict vessels in Washington by lowering the cost of deconstruction.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.079	$0.079	$0.079	$0.079
Local Taxes	$0.003	$0.003	$0.003	$0.003

Repeal of exemption

Repealing this sales and use tax exemption would increase state revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.073	$0.079	$0.079
Local Taxes	$0.000	$0.003	$0.003	$0.003

Assumptions

- July 1, 2020, effective date with 11 months of collections in Fiscal Year 2021.
- This exemption expires on January 1, 2025, so there will be 5 months of cash collections in Fiscal Year 2025.

Data Sources

- Department of Revenue excise tax data
- Washington State Department of Natural Resources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2014
Primary Beneficiaries:	State of Washington, vessel deconstruction businesses
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2017

82.08.9997; 82.12.9997 - Marijuana, tribal contracts

Description

State and local sales and use taxes do not apply to the sale or use of marijuana products covered by a tribal marijuana compact.

Purpose

To treat marijuana compacts in a manner similar to cigarette compacts, as a government to government relationship.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing the exemption would not increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is confidential because it affects fewer than three taxpayers.

Data Sources

- Department of Revenue
- Washington Economic and Revenue Forecast Council

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2015
Primary Beneficiaries:	Tribal governments
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9998(1)(a); 82.12.9998 - Medical marijuana sold to qualifying patients

Description

Beginning on July 1, 2016, sales of marijuana products identified by the Department of Health as beneficial for medical use by retailers having medical marijuana endorsements are exempt from sales and use taxes when purchased by patients or designated providers who have marijuana recognition cards.

Purpose

To exempt medically beneficial marijuana from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.711	$0.722	$0.732	$0.743
Local Taxes	$0.309	$0.314	$0.318	$0.323

Repeal of exemption

Tax revenues would increase if this exemption were repealed.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.662	$0.732	$0.743
Local Taxes	$0.000	$0.288	$0.318	$0.323

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Revenue impact grows 1.5 percent a year.

Data Sources

Department of Revenue excise tax data on medical marijuana sales

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9998(1)(b); 82.12.9998 - Low THC products sold to qualifying patients

Description

Beginning on July 1, 2016, sales of marijuana products containing THC with a THC concentration of 0.3 percent or less, by retailers having medical marijuana endorsements, are exempt from sales and use taxes when purchased by patients or designated providers who have marijuana recognition cards.

Purpose

RCW 69.50.101(t) specifically excludes these low THC products from the definition of marijuana, so sales for medical purposes would be taxable without this exemption.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.037	$0.038	$0.039	$0.039
Local Taxes	$0.016	$0.017	$0.017	$0.017

Repeal of exemption

Repeal of the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.035	$0.039	$0.039
Local Taxes	$0.000	$0.015	$0.017	$0.017

Assumptions

- Low THC products, containing less than 0.3 percent THC, are about 5 percent of medical marijuana sales.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Annual growth of 1.5 percent a year.

Data Sources

Department of Revenue excise tax data on medical marijuana sales

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9998(1)(c); 82.12.9998 - Marijuana with low THC-high CBD ratio

Description

Beginning on July 1, 2016, marijuana products identified by the Department of Health to have a low THC high CBD ratio, and to be beneficial for medical use, and sold by retailers having medical marijuana endorsements, are exempt from sales and use taxes when purchased by anyone who may legally purchase marijuana.

Purpose

RCW 69.50.101(t) would exclude these products from the definition of marijuana if the concentration of THC was 0.3 percent or less making their sales taxable without this exemption.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.057	$0.057	$0.057	$0.057
Local Taxes	$0.025	$0.025	$0.025	$0.025

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.053	$0.057	$0.057
Local Taxes	$0.000	$0.023	$0.025	$0.025

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Department of Revenue excise tax data on medical marijuana sales

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	18
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9998(1)(d); 82.12.9998 - Topical low THC sales by health care professionals

Description

Beginning on July 1, 2016, sales by health care professionals of topical, non-ingestible products containing THC with a THC concentration of 0.3 percent or less are exempt from sales and use taxes.

Purpose

RCW 69.50.101(t) would exclude these products from the definition of marijuana if the concentration of THC was 0.3 percent or less making their sales taxable without this exemption, which is not the legislature's intent.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.009	$0.009	$0.009	$0.009
Local Taxes	$0.004	$0.004	$0.004	$0.004

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.009	$0.009	$0.009
Local Taxes	$0.000	$0.004	$0.004	$0.004

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Revenue impact cannot be disclosed due to confidential taxpayer information.

Data Sources

Department of Revenue tax data on medical marijuana sales

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana recipients
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9998(1)(e)(i); 82.12.9998 - Marijuana and low THC products produced and used by cooperative members

Description

Beginning July 1, 2016, marijuana products and low THC products (with a THC content of less than 0.3%) that are produced and used by cooperative members are exempted from sales and use taxes.

Purpose

The legislature does not intend to tax the activities of medical marijuana cooperatives which are barred from selling marijuana.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Revenue impact is indeterminate; the number of cooperatives is not known.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit/Other
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.08.9998(1)(e)(ii); 82.12.9998 - Resources and labor contributed by medical marijuana cooperative members

Description

Beginning on July 1, 2016, nonmonetary resources and labor contributed by an individual member of a medical marijuana cooperative are exempt from sales and use taxes.

Purpose

Cooperatives grow marijuana for their own medical use and may not sell product. It is the intent of the legislature to exempt this noncommercial activity from taxation.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 resource, and labor contributions is unknown.

Data Sources

Department of Revenue

Additional Information

Additional Information	
Category:	Nonprofit, other
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.12.010(7)(c) - Use tax on rental value

Description

An out-of-state business that brings property into this state 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 the use tax is the purchase price or the fair market value at the time of the first use in Washington.

Purpose

To encourage out-of-state firms to do business in Washington by allowing them to use equipment in this state on a temporary basis without incurring use tax liability on the full market value.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1.222	$1.255	$1.284	$1.317
Local Taxes	$0.526	$0.540	$0.553	$0.567

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$1.150	$1.284	$1.317
Local Taxes	$0.000	$0.495	$0.553	$0.567

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Ninety days is the average use in Washington State.

Data Sources

- Joint Legislative Audit and Review Committee (JLARC)
- Global Insights growth rate for construction equipment

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Out-of-state firms with contracts in Washington
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

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 percent use tax rate:

- 0.963 percent from January 1, 2018, through December 31, 2018;
- 1.926 percent from January 1, 2019, through December 31, 2019;
- 2.889 percent from January 1, 2020, through December 31, 2020; and,
- 3.852 percent 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$14.810	$11.325	$9.583	$9.583
Local Taxes	$8.908	$8.908	$8.908	$8.908

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$10.382	$9.583	$9.583
Local Taxes	$0.000	$8.166	$8.908	$8.908

Assumptions

- July 1, 2020, effective date with 11 months cash collections for Fiscal Year 2021.
- Zero growth due to natural gas wellhead price series discontinuation.
- Average local tax rate of 2.46 percent based on Washington State petroleum refinery locations in Whatcom, Skagit, and Pierce Counties.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Petroleum refineries
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.12.02084 - 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 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not substantially increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Taxpayer savings and revenues realized are indeterminate but are considered to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	2009
Primary Beneficiaries:	Students
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.12.02085(1)(a) - 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 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repealing this preference would have no impact.

Data Sources

Consultation with DOR staff

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2009
Primary Beneficiaries:	Individuals who send emails or otherwise use digital goods for non-commercial purposes
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.12.02085(1)(b) - 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 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Repealing this preference would have an indeterminate impact.

Data Sources

Consultation with DOR staff

Additional Information

Additional Information	
Category:	Businesses
Year Enacted:	2009
Primary Beneficiaries:	Firms that create digital goods solely for internal use
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.12.02085(1)(c) - 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 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repealing this preference would have no impact.

Data Sources

Consultation with DOR staff

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:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.12.02086 - 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- Revenue impact of this exemption is indeterminate.
- The potential revenue gains for this exemption would be lower than the actual taxpayer savings as the primary beneficiaries are individuals, who are not generally required to be registered with the Department of Revenue.

Data Sources

- U.S. Census Bureau, Computer and Internet Access in the U.S. 2012
- Washington State Office of Financial Management - November 2018 state population forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2009
Primary Beneficiaries:	Consumers of digital products or codes
Taxpayer Count:	6,000,000
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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. RCW 82.16.310 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$20.584	$21.354	$22.152	$22.980
Local Taxes	$8.949	$9.284	$9.631	$9.991

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$19.574	$22.152	$22.980
Local Taxes	$0.000	$8.510	$9.631	$9.991

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rates are based on Washington natural gas fuel consumption and west coast regional average compressed natural gas (CNG) fuel price growth rates.

Data Sources

- U.S. Department of Energy, Alternative Fuels Data Center
- Western WA Clean Cities

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:	Not reviewed by JLARC

82.12.0251 - Nonresidents' personal property

Description

Use tax does not apply to tangible personal 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 that is 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 this state.

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$1,889.380	$1,954.719	$2,020.227	$2,087.635
Local Taxes	$816.247	$844.474	$872.775	$901.897

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$232.937	$525.260	$814.178
Local Taxes	$0.000	$100.633	$226.922	$351.740

Assumptions

- Average depreciation rate on tangible personal property is 50 percent.
- 50 percent of visitors to Washington locations are already Washington residents and 39.4 percent are repeat visitors.
- 22 percent of visitors drive their own car for three day trips into Washington with two visitors per car.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rate is same as retail sales tax growth rate in Economic and Revenue Forecast Council March 2019 forecast.
- Compliance:
  - 13 percent revenue collections in Fiscal Year 2021,
  - 26 percent revenue collections in Fiscal Year 2022,
  - 39 percent revenue collections in Fiscal Year 2023,
  - 52 percent revenue collections in Fiscal Year 2024, and thereafter.

82.12.0251 - Nonresidents' personal property

Data Sources

- Economic and Revenue Forecast Council's March 2019 forecast
- Autotrader.com
- CarsDirect.com
- Zillow.com
- Washington Tourism Alliance
- Irishnews.com
- Nytimes.com
- Bankrate.com

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:	JLARC completed a full review in 2010

82.12.0254 - Vehicles used in interstate commerce

Description

Use tax does not apply to:

- The use of any airplanes, locomotives, railroad cars or watercraft and their component parts that are primarily used to transport property or persons for hire in interstate or foreign commerce;
- Vessels primarily used in conducting commercial deep sea fishing operations outside of Washington waters;
- Intra-state commuter air carriers;
- The use of any vehicle, that is registered in another state, to transport property or persons across state boundaries for a period less than 15 consecutive days by a nonresident who has at least one place of business in Washington as well as in another state; and,
- The use of any vehicle and its component parts that is used to transport property or persons for hire across state boundaries that has been issued a permit by the interstate commerce commission (or its successor agency).

Purpose

To encourage the use of Washington-based transportation providers.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$193.977	$200.808	$207.722	$214.737
Local Taxes	$83.509	$86.449	$89.425	$92.446

Repeal of exemption

Repealing this exemption would likely not increase revenues. Buyers of this type of property could structure transactions to take delivery out-of-state. Also, taxing this type of property could bring a challenge under federal interstate commerce laws.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No revenues will be realized.

Data Sources

- Department of Revenue taxpayer data
- Economic Revenue & Forecast Council March 2019 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1937
Primary Beneficiaries:	Interstate carriers
Taxpayer Count:	66,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2019

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.

If the reason for the donation was to allow the organization to provide the property to others, the use of the property or service by the recipient is exempt. Donors who provide the property without intervening use are also exempt.

Purpose

To allow charitable donations to take place without incurring use tax liability.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.385	$2.469	$2.554	$2.640
Local Taxes	$0.906	$0.938	$0.970	$1.003

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.264	$2.554	$2.640
Local Taxes	$0.000	$0.860	$0.970	$1.003

Assumptions

July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

- Washington State Economic and Revenue Forecast Council March 2019 forecast
- Giving USA Highlights 2014
- Giving in Numbers 2014 Edition

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit groups and governmental entities that receive donated items
Taxpayer Count:	317
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No known biomass fuel extractors or manufacturers claim the exemption.
- No businesses will claim this exemption during the forecast period of this study.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2017
Primary Beneficiaries:	Firms that manufacture wood biomass fuel
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

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; and,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.009	$0.009	$0.009	$0.009
Local Taxes	$0.004	$0.004	$0.004	$0.004

Repeal of exemption

Repealing this exemption would increase state revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.008	$0.009	$0.009
Local Taxes	$0.000	$0.004	$0.004	$0.004

Assumptions

- Statewide, school districts have 6 cars that are under contract.
- Cars have an average age of 8 years old.
- Same number of private school driver's education cars are under contract but have a little higher value (newer).
- Since the number of driver's education cars currently leased continues to be much lower than previous years, assume no growth.

Data Sources

- Office of the Superintendent of Public Instruction's driver education car data
- Average car values from Edmunds.com

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1955
Primary Beneficiaries:	School districts
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

82.12.0265 - Bailed tangible personal property for research and development

Description

Use tax does not apply to the value of bailed property when the bailee consumes the property while conducting research and development, experimental and testing activities for a bailor who is not subject to tax. "Bailment" consists of granting the right of possession of tangible personal property to another person (bailee) without transfer of ownership.

Purpose

Bailment typically applies to tangible personal property owned by the federal government that is used by federal contractors. The purpose of the exemption is to improve the competitive position of instate firms competing for the federal contracts by reducing the associated tax burden.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

There are fewer than three known taxpayers.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1961
Primary Beneficiaries:	Contractors with the federal government
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

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 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. Under RCW 82.12.0251 nonresidents who bring their vehicles into Washington and establish residency here are exempt from use tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$4.600	$4.500	$4.600	$4.600
Local Taxes	$1.900	$1.900	$1.900	$1.900

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$4.200	$4.600	$4.600
Local Taxes	$0.000	$1.700	$1.900	$1.900

Assumptions

- 11 months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.
- Estimated persons from Washington in the military will mirror percentage of state population to national population.
- Average length of auto ownership is 7.9 years.

Data Sources

- WA Economic & Revenue Forecast Council
- WA Office of Financial Management
- U.S. Department of Defense
- U.S. Census
- National Automobile Dealers Association
- Edmunds (used car data)

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1963
Primary Beneficiaries:	Resident members of the armed forces
Taxpayer Count:	26,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

The effect of repealing this exemption is indeterminate, but would likely increase revenues. No data is available to determine the value of items used for display purposes.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- Since the use tax exemption provided by this preference does not require beneficiaries to report, file, deduct, or otherwise document their use of the preference, it is difficult to determine taxpayer savings.
- Revenue impact is indeterminate; there is no reliable data source 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:	JLARC completed a full review in 2011

82.12.0284 - Computers donated to schools

Description

Public and private schools are exempt from use tax for computers donated to them by individuals and businesses. The exemption covers computer hardware, components and accessories, as well as computer software.

Note: 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.072	$0.072	$0.072	$0.072
Local Taxes	$0.031	$0.031	$0.031	$0.031

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.066	$0.072	$0.072
Local Taxes	$0.000	$0.026	$0.031	$0.031

Assumptions

- On average, about 5,600 computers are donated annually to schools in the last 5 years.
- Used computers have an average value of $200.
- 11 months of collections in Fiscal Year 2020 due to July 1, 2021, effective date.

Data Sources

Office of Public Instruction

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	Public and private schools
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2012

82.12.035 - Tax paid to other states

Description

Items brought into Washington receive a credit against use tax liability for the amount of retail sales or use taxes paid to another state or political subdivision of another state. The credit is limited to the amount of Washington use tax otherwise due.

Purpose

The primary function of the use tax is to complement the retail sales tax by asserting tax in situations where the Washington retail sales tax did not apply (purchases made in other states, items bought from private parties, etc.). This credit avoids overtaxing items where tax was paid to another jurisdiction.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.411	$0.427	$0.444	$0.463
Local Taxes	$0.179	$0.186	$0.193	$0.201

Repeal of exemption

Repealing this exemption may possibly increase revenues. Use taxes currently owed by households are virtually uncollectable. Compliance efforts aimed at small businesses are also difficult.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.372	$0.444	$0.463
Local Taxes	$0.000	$0.161	$0.193	$0.201

Assumptions

- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.
- Growth rate for the use tax mirrors the March 2019 forecast.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's March 2019 forecast

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1967
Primary Beneficiaries:	Businesses and other paying out of state taxes
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.12.225 - Nonprofit fund-raising activities - Article valued at less than $12,000

Description

Items bought or received as a prize in a contest of chance from a nonprofit organization or library that are valued at less than $12,000 are exempt from use tax if the sale is exempt under RCW 82.04.3651. This exemption expires July 1, 2020.

Purpose

To support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.012	$0.012	$0.012	$0.012
Local Taxes	$0.005	$0.005	$0.005	$0.005

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.011	$0.012	$0.012
Local Taxes	$0.000	$0.004	$0.005	$0.005

Assumptions

- Less than 10 percent of the items bought or won as a prize in a contest of chance from a nonprofit organization or library will be valued over $12,000.
- Fifteen prizes valued at $12,000 would generate $12,000 in use tax.

Data Sources

National Center for Charitable Statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2013
Primary Beneficiaries:	Prize winners of contests of chance from a nonprofit organization or library
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2018

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Description

These three statutes relate to the application of use tax for firms that manufacture or sell boats and boat 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;
- Activities 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; and,
- Delivering, showing and operating the vessel for a prospective buyer.

Any other personal intervening use of the vessel by the manufacturer or a dealer is subject to use tax. However, RCW 82.12.802 provides that the use tax in such instances is to be measured by the reasonable rental value of the vessel for that particular use, rather than the fair market value, if the dealer can demonstrate that the vessel is truly held for sale.

Purpose

To clearly identify the uses of vessels and related equipment not considered as taxable "intervening" uses and to provide a basis for the use tax in other taxable situations.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.381	$0.394	$0.409	$0.426
Local Taxes	$0.166	$0.171	$0.178	$0.185

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.361	$0.409	$0.426
Local Taxes	$0.000	$0.157	$0.178	$0.185

Assumptions

- Taxable amount is 1% of taxable retail sales under the following NAICS:
  - 336611, ship building and repairing
  - 336612, boat manufacturers
  - 441222, boat dealers
- Growth rate is same as Real Nonresidential Fixed Investments growth rate in Economic and Revenue Forecast Council's March 2019 forecast.

- 11 months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council March 2019 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:	JLARC completed an expedited report in 2017

82.12.860 - Credit unions - State chartered conversion

Description

State-chartered credit unions receive an exemption from use tax on any tangible personal property, digital goods and services, certain other services defined as retail sales, or extended warranties acquired from federal, out-of-state, or foreign credit unions as a result of a merger or conversion.

Purpose

Enables state-charted credit unions to compete with federally-chartered credit unions.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.127	$0.127	$0.127	$0.127
Local Taxes	$0.055	$0.055	$0.055	$0.055

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.116	$0.127	$0.127
Local Taxes	$0.000	$0.051	$0.055	$0.055

Assumptions

- Historical data varies from year to year, estimate assumes no annual growth.
- Taxable activities remain at approximately a 10-year average.
- July 1, 2020, effective date, with 11 months of collections in Fiscal Year 2021.

Data Sources

Department of Financial Institutions - Credit Unions

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Credit unions
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2017

82.14.410 - Local sales tax cap for lodging

Description

These statutes exempt charges for lodging from any retail sales/use tax levied by a local government jurisdiction after December 1, 2000, if the local tax would have resulted in a combined tax rate on such charges in excess of 12.0 percent or the rate that would otherwise have applied on December 1, 2000.

Included in the calculation of the maximum tax rate that would have applied on December 1, 2000 are:

- State retail sales tax (6.5 percent);
- City/county local sales tax (1.0 percent);
- Transit district local sales tax (0.6 percent);
- Criminal justice local sales tax (0.1 percent);
- State convention center tax on all hotels rooms in King County except lodging businesses with less than 60 units if located in a town with a population of less than 300 (7.0 percent within Seattle; 2.8 percent elsewhere); and,
- Hotel/motel taxes levied by cities and counties (2.0 percent).

These totaled 15.2 percent for lodging within Seattle and 12.0 percent elsewhere. As a result, lodging at facilities with more than 60 units in Seattle was excluded from the additional local sales tax for transit (rate increased from 0.6 to 0.8 percent in April 2001, then to 0.9 percent in April 2007). Similarly, local sales taxes in parts of Pierce County, Wenatchee, and East Wenatchee have been restricted from new or increased local taxes on lodging.

Purpose

To encourage tourist activities in areas with high tax rates.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$4.528	$4.664	$4.804	$4.948

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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$3.887	$4.804	$4.948

82.14.410 - Local sales tax cap for lodging

Assumptions

- Growth of 3 percent per year based on historic average growth.
- RTA rate increase of 0.005.
- July 1, 2020, effective date, with 10 months of distribution in Fiscal Year 2021.

Data Sources

Department of Revenue lodging data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Hotels/motels in areas with high local tax rates
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.14.430(1) - Local regional transportation vehicles

Description

This statute authorizes a regional transportation investment district (RTID) to levy a local retail sales/use tax of up to 0.1 percent 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 percent 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 2020	FY 2021	FY 2022	FY 2023
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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No jurisdictions have imposed this tax, so there is no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	2002
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident, except all other state and local sales taxes other than public safety tax, apply to motor vehicles
JLARC Review:	Not reviewed by JLARC

82.14.450(4) - Local public safety tax on vehicles

Description

Counties are authorized to levy a local retail sales and use tax of up to 0.3 percent. One-third of the receipts must be devoted to criminal justice expenditures. The county retains 60 percent of the receipts and the remainder is shared with cities on a per capita basis. Subsection (4) of the statute exempts sales of motor vehicles 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$2.700	$2.800	$2.900	$3.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$2.330	$2.900	$3.000

Assumptions

- Car dealers are registered and correctly reporting excise tax.
- Growth of 3.5 percent per FY based on March forecast by Economic and Revenue Forecast Council.
- 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

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:	500
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.14.532 - Commercial office space development

Description

This bill allows the governing authority of a city, located in a county with a population of less than 1.5 million, to 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

This exemption is a result of recent legislation and currently has no participants. It is unknown which taxing districts will offer this exemption and how many developers will build qualifying commercial office space. 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. Requires local taxing districts to earmark future property taxes collected on a qualifying project, only used for public improvements that incentivize development of commercial office space.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

Level of local jurisdiction and developer participation is indeterminate.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	Office building developers
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.16.0496(1)(a)(ii) - Zero emissions buses

Description

Retail sales and use tax does not apply on sales of zero emission buses. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$2.300	$2.300	$0.280	$0.280
Local Taxes	$0.950	$0.950	$0.120	$0.120

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$2.300	$0.280	$0.280
Local Taxes	$0.000	$0.950	$0.120	$0.120

Assumptions

- Per King County website, Metro transit will be acquiring 120 all-electric buses by 2020. The acquisition of the buses is between Fiscal Years 2020 and 2021.
- A news article posted on the Department of Ecology website, states 19 electric buses will be purchased using funds from the Volkswagen settlement. The 19 buses will be purchased by various transit companies.
- "Zero emission bus" includes large transit buses as well as shuttle buses, such as airport parking lot shuttles.
- Effective date for repeal of exemption is July 1, 2020. Assume a full year impact for Fiscal Year 2021. This is due to the large purchase price of the bus and companies want to complete the purchase prior to the repeal of exemption.

Data Sources

- Department of Ecology, https://ecology.wa.gov/About-us/Get-to-know-us/News/2018/$22-million-from-VW-settlement-goes-toward-electri
- King County, www.kingcounty.gov/elected/executive/constantine/news/release/2017/January/10-battery-buses.aspx

82.16.0496(1)(a)(ii) - Zero emissions buses

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2019
Primary Beneficiaries:	Businesses purchasing zero emission buses
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.32.065 - Returned motor vehicles under warranty

Description

The Department of Revenue shall credit or refund to the manufacturers the amount of the tax refunded for returns of a new motor vehicle under chapter 19.118 RCW, also known as the lemon law.

Purpose

Assures that manufacturers are not financially responsible for refunded sales tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.042	$0.042	$0.042	$0.042
Local Taxes	$0.018	$0.018	$0.018	$0.018

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.039	$0.042	$0.042
Local Taxes	$0.000	$0.017	$0.018	$0.018

Assumptions

- Due to fluctuation in the data, growth rate is zero percent.
- Eleven months of collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

Attorney General Office for Consumer Protection

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:	JLARC completed an expedited report in 2012

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; and,
- 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. Currently, anticipated repayments of deferred local taxes are expected to begin in Fiscal Year 2022 and repayments of deferred local taxes are expected to occur in FY 2023.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Sales/use tax certificate to be issued by July 1, 2019.
- Project consists of a qualifying arena and a qualifying ice hockey practice facility.
- Project will be complete by mid-2021, with the first local tax repayment due on January 1, 2022, and the state tax repayment on June 30, 2023.
- Based on November 2018, IHS Markit forecast for the Federal Funds Rate, the interest rate for state excise tax assessments is 5 percent for each year through CY 2029 when final local tax repayment is due.
- Average local retail sales tax rate for King County is 3.4684 percent.
- Repealing a deferral increases revenues for any taxes not yet deferred at the time of repeal.
- Fiscal Year 2023 includes a loss of interest for deferred taxes.

82.32.558 – Multipurpose sports and entertainment facility deferral

Data Sources

- Key Arena & Practice Facility, projected purchasing schedule, current information as of February 6, 2019
- Department of Revenue interest rates for state excise taxes, August 2018
- IHS Markit's November 2018 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2019
Primary Beneficiaries:	NHL hockey arena and practice facility
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.32.580 - Museum for historic autos

Description

Provides a sales and use tax deferral for the site preparation and construction of a historic automobile museum that:

- Is owned and operated by a nonprofit organization, corporation, or association;
- Maintains and exhibits 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 2020	FY 2021	FY 2022	FY 2023
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 for purchases not yet made.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Project is complete and deferred taxes scheduled for repayment beginning December 31, 2022.
- Repealing the deferral does not impact taxes deferred under existing law.

Data Sources

Department of Revenue, Audit Division

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Historic automobile museum in Pierce County
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2007

82.32.760(1)(b) - Sales tax destination sourcing costs

Description

Qualifying retailers may take a credit against their state sales tax to mitigate the cost of switching from origin-based sourcing to destination-based sourcing of local sales tax. The credit equals up to $1,000 of the costs of switching. Retailers can claim credit until the total credit amount is used.

Qualifying retailers must have:

- A physical presence in Washington;
- Less than $500,000 in gross income annually;
- At least five percent of their gross income from sales delivered to physical locations away from their place of business;
- At least one percent of their gross income from sales delivered to local jurisdictions imposing sales tax other than the one to which the taxpayer reported the most local sales tax; and,
- First claimed the credit by July 1, 2009.

Qualifying retailers are ineligible for the credit if they chose to use the services of a certified service provider for two years at no cost.

Purpose

Meet the requirement of the Streamline Sales and Use Tax Agreement to help small retailers transition from origin-based sourcing to destination-base sourcing of local sales tax.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 businesses had to first claim this credit by July 1, 2009, and presumably have used the total credit available to them.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Taxpayers with credit available will take minimal credit in the future.

Data Sources

Department of Revenue excise tax data

82.32.760(1)(b) - Sales tax destination sourcing costs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Retailers making change to destination-based sourcing
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.32.865; 88.02.620; 88.02.570 - Nonresident entity vessel owners

Description

This exemption allows a nonresident vessel owner that is not a natural person (entity-owned) to receive the nonresident vessel permit under RCW 88.02.620, if certain conditions are met.

It allows a nonresident that is not a natural person to obtain a nonresident vessel permit on or before the sixty-first day of use in Washington. Additional requirements for a nonresident vessel owner that is not a natural person are:

- The vessel must be between 30 and 164 feet in length;
- No Washington State resident is a principal of the nonresident person; and,
- The Department of Revenue has provided the nonresident vessel owner written approval authorizing the permit as defined.

This exemption expires July 1, 2026.

Purpose

To expand the economy of the maritime industry in Washington.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers benefit from this tax preference and the revenue impacts cannot be disclosed.

Data Sources

Department of Revenue non-resident entity owned vessel permit data

Additional Information

Additional Information	
Category:	Sales/Use Tax
Year Enacted:	2015
Primary Beneficiaries:	Nonresident entity vessel owners
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.34.050(2); 82.34.060(2) - Pollution control facilities

Description

This exemption allows a credit against state B&O, public utility or use taxes for previously paid taxes and/or in lieu of accepting the tax exemptions. Construction of required pollution control facilities associated with approved applications received between July 30, 1967, and November 30, 1981, were exempt from state retail sales/use tax.

Purpose

To encourage abatement of pollution and to compensate Washington firms for the costs of upgrading pollution control facilities.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 possibly increase revenues. Taxpayers may argue that they have a vested right to credits currently being taken that were authorized under prior law.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Entire credit is taken against B&O tax.
- See B&O tax credit for pollution control facilities, RCW 82.04.427; 82.34.060(2).

Data Sources

Department of Revenue excise tax return 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:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2010

82.60.040; 82.60.049 - Rural county deferral

Description	Certain businesses are eligible for a deferral of retail sales and use tax on charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment when those projects are located in a county with high unemployment or in a Community Empowerment Zone (CEZ). The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

Description

Certain businesses are eligible for a deferral of retail sales and use tax on charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment when those projects are located in a county with high unemployment or in a Community Empowerment Zone (CEZ). The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

Eligible business activities include:

- Research and development; and,
- Manufacturing for purposes of this deferral, manufacturing also includes conditioning of vegetable seeds and activities performed by commercial testing laboratories.

The deferral program expires July 1, 2020.

Purpose

Encourages manufacturing, research and development, and job creation in areas with high unemployment.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$4.635	$0.000	$0.000	$0.000
Local Taxes	$2.015	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral/waiver would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Estimate uses a national level investment in fixed assets data that is adjusted to reflect Washington State investment levels.
- High unemployment counties (21) include: Adams, Clallam, Columbia, Cowlitz, Douglas, Ferry, Franklin, Grant, Grays Harbor, Jefferson, Klickitat, Lewis, Mason, Okanogan, Pacific, Pend Oreille, Skagit, Skamania, Stevens, Wahkiakum, and Yakima. Assumed these counties remain high unemployment counties until this deferral expires.
- Large investments in new structures, machinery, and equipment expenditures that would qualify for the deferral/exemption are difficult to predict; therefore,

this estimate assumes no large new structures will be built in Washington. Large projects may significantly change the fiscal impact.
- Statewide average local tax rate is 2.8260 percent.
- Annual growth is equal to the growth in non-residential investment in R&D and private investment in industrial facilities for the U. S. forecasted by IHS Markit and the Economic Revenue Forecast Council's March 2019 forecast.
- Deferral expires July 1, 2020. No additional applications will be accepted for this deferral after this date, resulting in no further fiscal impact.

Data Sources

- Bureau of Labor Statistics employment data
- Bureau of Economic Analysis fixed asset data
- Department of Revenue tax return data
- Department of Revenue high unemployment county sales/use tax deferral data
- Department of Revenue average local tax rate
- IHS Markit March 2019 forecast of non-residential investment in R&D and private investment in industrial facilities

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Qualifying R&D and manufacturing projects in high unemployment counties
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2018

82.66.040 - Horse racing track deferral

Description

Provides a 10-year sales and use tax deferral for the construction of a thoroughbred horse racing facility that:

- Is located in Western Washington; and,
- Commenced construction by July 1, 1998.

Emerald Downs was completed in 1996, and the first repayment of the deferred tax was made on December 31, 2006.

Purpose

To encourage construction of the Emerald Downs track.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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 previously deferred tax is being repaid over a 10-year period.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Horse track deferral was paid off in Fiscal Year 2016.

Data Sources

Department of Revenue data from Special Programs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Emerald Downs track, and Washington horse racing industry
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.82.020(2) - Corporate headquarters in a Community Empowerment Zone (CEZ)

Description

Qualifying businesses with corporate headquarters located in a community empowerment zone (CEZ), receive a deferral of retail sales and use tax on charges for the construction or expansion of facilities. The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

Qualifying businesses must:

- Employ at least 300 employees at the facility (each employee must earn at least the annual average wage for the state); and,
- Invest at least $30 million dollars in the facility.

The program is limited to two projects per biennium and only one project per CEZ, per biennium. This deferral/waiver program expires December 31, 2020.

Purpose

Encourages investment and job creation in community empowerment zones.

Taxpayer savings

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
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/waiver would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

As of April 2019, there have been no applications for this deferral.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2018

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 tax deferral for two investment projects per calendar year. The deferral applies to sales and use taxes on up to $10 million in charges for 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 (RCW 82.60) cannot receive this deferral; projects cannot receive multiple pilot program deferrals. 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 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.601	$0.601	$0.601	$0.601
Local Taxes	$0.261	$0.261	$0.261	$0.261

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of repeal. Estimate assumes deferred taxes are due beginning the fifth year after project has been certified as operationally complete, continues for the next nine years. Anticipated repayments of deferred taxes begin in Fiscal Year 2022.

Potential revenue gains from full repeal

($ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	$0.000	$0.551	$0.601	$0.601
Local Taxes	$0.000	$0.240	$0.261	$0.261

Assumptions

- 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.
- 11 months of cash collections in Fiscal Year 2021 and July 1, 2020, effective date.

Data Sources

Department of Revenue deferral database

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:	Not reviewed by JLARC