

# FINAL BILL REPORT

## SB 5200

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C 128 L 95

Synopsis as Enacted

**Brief Description:** Exempting from use tax naval equipment transferred due to base closure.

**Sponsors:** Senators Haugen, Winsley, Spanel, Sheldon, West, Roach and Oke; by request of Governor Lowry.

**Senate Committee on Ways & Means**

**House Committee on Finance**

**Background:** The state sales tax is paid on each retail sale of most articles of tangible personal property and certain services. Taxable services include construction, repair, telephone, lodging of less than 30 days, physical fitness, and some recreation and amusement services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms, including purchases by mail order.

The federal supremacy clause and the doctrine of intergovernmental immunity prevent the state from taxing the federal government directly. However, a contractor who installs property for the federal government is liable for use tax on the value of the materials used in the installation, including materials supplied to the contractor by the government.

**Summary:** The use of naval aircraft training equipment transferred to Washington State from a naval installation in another state as a result of the federal base closure act is exempt from use tax.

**Votes on Final Passage:**

Senate	45	1
House	92	0

**Effective:** April 20, 1995