
SUBSTITUTE SENATE BILL 5359

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senators Swecker, Fraser, West and Winsley)

Read first time 02/20/97.

1 AN ACT Relating to clarifying the exemption from sales and use
2 taxation of the materials used by small companies in the design and
3 development of aircraft parts, auxiliary equipment, and aircraft
4 modification; amending RCW 82.08.02566 and 82.12.02566; creating new
5 sections; providing an effective date; and declaring an emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** The legislature intends to clarify the
8 intent of the 1996 legislature in adopting chapter 246, Laws of 1996,
9 regarding the application of the exemption from sales and use taxation
10 of materials used by small companies in the design and development of
11 aircraft parts, auxiliary equipment, and aircraft modification.

12 **Sec. 2.** RCW 82.08.02566 and 1996 c 247 s 4 are each amended to
13 read as follows:

14 The tax levied by RCW 82.08.020 shall not apply to sales of
15 ~~((materials used in designing and developing aircraft parts, auxiliary~~
16 ~~equipment, and aircraft modification whether from enterprise funds or~~
17 ~~on a contract or fee basis for a taxpayer with gross sales of less than~~
18 ~~twenty million dollars per year. This exemption may not exceed one~~

1 ~~hundred thousand dollars for a taxpayer in a year)) tangible personal~~
2 property that is incorporated into prototypes for the development of
3 new aircraft parts, equipment, or modifications, whether or not such
4 tangible personal property becomes an ingredient or component of the
5 final prototype. This exemption does not apply to any person whose
6 gross income of the business, gross proceeds of sales, and gross value
7 of products, less any amounts for which a credit is allowed under RCW
8 82.04.440, during the immediately preceding calendar year exceeds
9 twenty million dollars. The amount of state and local taxes that are
10 exempted under this section and RCW 82.12.02566 shall not exceed one
11 hundred thousand dollars for any person during any calendar year.

12 **Sec. 3.** RCW 82.12.02566 and 1996 c 247 s 5 are each amended to
13 read as follows:

14 The provisions of this chapter shall not apply with respect to the
15 use of (~~materials used in designing and developing aircraft parts,~~
16 ~~auxiliary equipment, and aircraft modification whether from enterprise~~
17 ~~funds or on a contract or fee basis for a taxpayer with gross sales of~~
18 ~~less than twenty million dollars per year. This exemption may not~~
19 ~~exceed one hundred thousand dollars for a taxpayer in a year)) tangible
20 personal property that is incorporated into prototypes for the
21 development of new aircraft parts, equipment, or modifications, whether
22 or not such tangible personal property becomes an ingredient or
23 component of the final prototype. This exemption does not apply to any
24 person whose gross income of the business, gross proceeds of sales, and
25 gross value of products, less any amounts for which a credit is allowed
26 under RCW 82.04.440, during the immediately preceding calendar year
27 exceeds twenty million dollars. The amount of state and local taxes
28 that are exempted under this section and RCW 82.08.02566 shall not
29 exceed one hundred thousand dollars for any person during any calendar
30 year.~~

31 NEW SECTION. **Sec. 4.** This act is remedial in nature and applies
32 retroactively to July 1, 1996, and thereafter.

33 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
34 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and takes effect
2 July 1, 1997.

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