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SENATE BILL 6773

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State of Washington

60th Legislature

2008 Regular Session

By Senator Kastama

Read first time 01/23/08. Referred to Committee on Water, Energy & Telecommunications.

1 AN ACT Relating to a sales and use tax exemption for  
2 environmentally certified residential and commercial construction;  
3 adding a new section to chapter 82.08 RCW; adding a new section to  
4 chapter 82.12 RCW; creating a new section; providing an effective date;  
5 and providing an expiration date.

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

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08 RCW  
8 to read as follows:

9 (1) Subject to the conditions and requirements of this section, the  
10 tax levied by RCW 82.08.020 does not apply to the sale of qualifying  
11 property and services. The exemption is in the form of a remittance  
12 and applies to part of the state portion of the sales tax.

13 (2) The exemption only applies to construction performed in cities,  
14 towns, or counties that have adopted: (a) An expedited permitting  
15 process for the construction of environmentally certified buildings;  
16 and (b) low-impact development regulations, as determined by the  
17 department of ecology. For residential construction, the exemption  
18 only applies if the selling price is less than the median price in the  
19 local jurisdiction for the type of home, as reflected in a recognized

1 real estate listing service for the month prior to the sale of the  
2 home. For residential construction not within the boundary of a city  
3 or town, "local jurisdiction" means the unincorporated area of the  
4 county.

5 (3) A person claiming an exemption from state sales tax must pay  
6 the tax imposed by RCW 82.08.020. The buyer may then apply to the  
7 department for remittance for part of the tax paid under RCW 82.08.020.  
8 For the sale of qualifying property and services used in the  
9 construction of a building with a gold or platinum rating under the  
10 leadership in energy and environmental design green building rating  
11 system or a five-star rating under the Washington built green program,  
12 the remittance equals the following percentage of sales tax paid:  
13 Fifty percent for the fiscal year ending July 1, 2011; forty percent  
14 for the fiscal year ending July 1, 2012; thirty percent for the fiscal  
15 year ending July 1, 2013; twenty percent for the fiscal year ending  
16 July 1, 2014; and ten percent for the fiscal year ending July 1, 2015.

17 (4) The definitions in this subsection apply throughout this  
18 section.

19 (a) "Construction" means the construction, repair, decoration, or  
20 improvement of new or existing buildings.

21 (b) "Environmentally certified building" means a commercial or  
22 residential building: (i) With a silver, gold, or platinum rating  
23 under the leadership in energy and environmental design green building  
24 rating system; (ii) with a four or five-star rating under the  
25 Washington built green program; or (iii) with a rating for sustainable  
26 building that is equivalent to (b)(i) or (ii) of this subsection,  
27 verifiable, and approved by the department in rule.

28 (c) "Qualifying property and services" means tangible personal  
29 property and labor and services used, or to be used, in the  
30 construction of environmentally certified buildings.

31 (d) "Type of home" means single family or multifamily, as  
32 appropriate.

33 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.12 RCW  
34 to read as follows:

35 (1) Subject to the conditions and requirements of this section, the  
36 provisions of this chapter do not apply to the use of qualifying

1 property and services. The exemption is in the form of a remittance  
2 and applies to part of the state portion of the use tax.

3 (2) A person claiming an exemption from state use tax must pay the  
4 tax imposed under this chapter. The person may then apply to the  
5 department for remittance of all, or part of, the tax paid under this  
6 chapter. For the use of qualifying property and services used in the  
7 construction of a building with a gold or platinum rating under the  
8 leadership in energy and environmental design green building rating  
9 system, a five-star rating under the Washington built green program, or  
10 an equivalent rating as provided in section 1(4)(b)(iii) of this act,  
11 the remittance equals the following percentage of sales tax paid:  
12 Fifty percent for the fiscal year ending July 1, 2011; forty percent  
13 for the fiscal year ending July 1, 2012; thirty percent for the fiscal  
14 year ending July 1, 2013; twenty percent for the fiscal year ending  
15 July 1, 2014; and ten percent for the fiscal year ending July 1, 2015.

16 (3) The conditions, requirements, and definitions in section 1 of  
17 this act apply to this section.

18 NEW SECTION. **Sec. 3.** By December 1, 2012, and by December 1st of  
19 the two following years, the department of revenue shall submit a  
20 report to the legislature. The report must: (1) Provide the amount of  
21 sales and use tax exempted under this act; (2) describe the commercial  
22 or residential character of tax exempt construction; (3) identify the  
23 geographic location of tax exempt construction; and (4) estimate cost  
24 savings and emission reductions for homes and buildings subject to the  
25 exemptions under this act. The department may include any other  
26 information in the report that it deems necessary for the legislative  
27 evaluation of the sales and use tax exemption authorized in this act.

28 NEW SECTION. **Sec. 4.** This act takes effect July 1, 2010.

29 NEW SECTION. **Sec. 5.** This act expires July 1, 2015.

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