

SHB 1711 - S COMM AMD
By Committee on Ways & Means

1 Strike everything after the enacting clause and insert the
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08
4 RCW to read as follows:

5 (1) Subject to the requirements of this section, the tax levied
6 by RCW 82.08.020 does not apply to sales of, or charges made for:

7 (a) Labor and services rendered in respect to the construction of
8 a qualified infrastructure project, or the installation of any
9 equipment or tangible personal property incorporated into a qualified
10 infrastructure project; and

11 (b) Building materials, telecommunications equipment, and
12 tangible personal property incorporated into a qualified
13 infrastructure project.

14 (2) The exemption provided in subsection (1) of this section also
15 applies to the applicable local sales taxes due on transactions
16 exempt under this section.

17 (3)(a) In order to obtain an exemption certificate under this
18 section, a qualified infrastructure project owner must submit an
19 application to the department for an exemption certificate. The
20 application must include the information necessary, as required by
21 the department, to determine that the qualified infrastructure
22 project owner qualifies for the exemption under this section. The
23 department must issue an exemption certificate to a qualified
24 infrastructure project owner.

25 (b) In order to claim an exemption under this section, a
26 qualified infrastructure project owner must provide the seller with
27 an exemption certificate in a form and manner prescribed by the
28 department. The seller must retain a copy of the certificate for the
29 seller's files.

30 (c) The exemption certificate is effective on the date the
31 application is received by the department, which is the date of
32 issuance. The exemption provided in this section does not apply to

1 any property or services that are received by the qualified
2 infrastructure project owner, or its agent, before the effective date
3 of this section or on or after January 1, 2030. For the purpose of
4 this subsection (3)(c), "received" means:

5 (i) Taking physical possession of, or having dominion and control
6 over, the tangible personal property eligible for the exemption in
7 subsection (1)(b) of this section; and

8 (ii) The labor and services in subsection (1)(a) of this section
9 have been performed.

10 (d) The exemption certificate expires on the date the project is
11 certified as operationally complete by the qualified infrastructure
12 project owner or January 1, 2030, whichever is first. The qualified
13 infrastructure project owner must notify the department, in a form
14 and manner as required by the department, when the project is
15 certified as operationally complete.

16 (4) The definitions in this subsection apply throughout this
17 section unless the context clearly requires otherwise.

18 (a) "Local sales tax" means a sales tax imposed by a local
19 government under the authority of chapter 82.14 or 81.104 RCW.

20 (b) "Operationally complete" means the qualified infrastructure
21 project is capable of being used for its intended purpose as
22 described in the exemption certificate application.

23 (c) "Qualified infrastructure project" means the construction of
24 buildings and utilities related to the deployment of a modern global
25 internet and telecommunications infrastructure that occurs in part in
26 a distressed area, as defined in RCW 43.168.020, that is located on
27 the coast of Washington. The infrastructure may include, but is not
28 limited to, cable landing stations, communications hubs, buried
29 utility connections and extension, and any related equipment and
30 buildings that will add broadband capacity and infrastructure to the
31 area.

32 (d) "Qualified infrastructure project owner" means a wholly owned
33 subsidiary of a federally recognized tribe located in a county that
34 borders the Pacific Ocean that is developing a qualified
35 infrastructure project.

36 (5) The total amount of state sales and use tax exempted under
37 this section and section 2 of this act may not exceed \$8,000,000. A
38 qualified infrastructure project owner within 60 days of the
39 expiration of the exemption certificate under subsection (3)(d) of
40 this section must pay any tax due under this subsection. The

1 department may not assess penalties and interest as provided in
2 chapter 82.32 RCW on the amount due if the amount due is paid within
3 the 60-day period, or any extension thereof. The department may
4 require a qualified infrastructure project owner to periodically
5 submit documentation, as specified by the department, prior to the
6 expiration of the exemption certificate to allow the department to
7 track the total amount of sales and use tax exempted under this
8 section and section 2 of this act.

9 (6) This section expires January 1, 2030.

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

12 (1) Provided an exemption certificate has been issued pursuant to
13 section 1 of this act, the provisions of this chapter do not apply
14 with respect to the use of:

15 (a) Labor and services rendered in respect to the installation of
16 any equipment or other tangible personal property incorporated into a
17 qualified infrastructure project; and

18 (b) Building materials, telecommunications equipment, and
19 tangible personal property incorporated into a qualified
20 infrastructure project.

21 (2) The exemption provided in subsection (1) of this section also
22 applies to the applicable local use taxes due on transactions exempt
23 under this section.

24 (3) All of the eligibility requirements, conditions, limitations,
25 and definitions in section 1 of this act apply to this section.

26 (4) For purposes of this section, "local use tax" means a use tax
27 imposed by a local government under the authority of chapter 82.14 or
28 81.104 RCW.

29 (5) This section expires January 1, 2030.

30 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.08
31 RCW to read as follows:

32 (1) In order to obtain the exemption provided in this act, a
33 qualified infrastructure project owner must certify to the department
34 of labor and industries that the work performed on the qualified
35 infrastructure project by the prime contractor and its subcontractors
36 was performed under the terms of a community workforce agreement or
37 project labor agreement negotiated prior to the start of the
38 qualified infrastructure project. The agreements must include worker

1 compensation requirements consistent with the payment of area
2 standard prevailing wages in accordance with chapter 39.12 RCW,
3 apprenticeship utilization requirements, and tribal employment and
4 contracting opportunities, provided the following:

5 (a) The owner and the prime contractor and all of its
6 subcontractors regardless of tier have the absolute right to select
7 any qualified and responsible bidder for the award of contracts on a
8 specified project without reference to the existence or nonexistence
9 of any agreements between such bidder and any party to such project
10 labor agreement, and only when such bidder is willing, ready, and
11 able to become a party to, signs a letter of assent, and complies
12 with such agreement or agreements, should it be designated the
13 successful bidder; and

14 (b) It is understood that this is a self-contained, stand-alone
15 agreement, and that by virtue of having become bound to such
16 agreement or agreements, neither the project contractor nor the
17 subcontractors are obligated to sign any other local, area, or
18 national agreement.

19 (2) This section expires January 1, 2030.

20 NEW SECTION. **Sec. 4.** RCW 82.32.808 does not apply to this act.

21 NEW SECTION. **Sec. 5.** This act is necessary for the immediate
22 preservation of the public peace, health, or safety, or support of
23 the state government and its existing public institutions, and takes
24 effect July 1, 2023."

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25 On page 1, line 3 of the title, after "tribe;" strike the
26 remainder of the title and insert "adding new sections to chapter
27 82.08 RCW; adding a new section to chapter 82.12 RCW; creating a new
28 section; providing an effective date; providing expiration dates; and
29 declaring an emergency."

EFFECT: Provides definitions and makes other technical
clarifications to improve administrability of the sales and use tax
exemption. Caps the total amount of state sales and use tax that may

be exempted at \$8 million. Adds an emergency clause with a July 1, 2023, effective date.

--- **END** ---