S-1102.1

SENATE BILL 5673

State of Washington **69th Legislature** **2025 Regular Session**

By Senator Boehnke

AN ACT Relating to providing a sales and use tax exemption for manufacturing facilities and green manufacturing facilities; adding a new section to chapter 82.08 RCW; adding a new section to chapter 82.12 RCW; and providing expiration dates.

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

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

(1)(a) An exemption from the tax imposed by RCW 82.08.020 is provided for the sales of construction materials and equipment, and to charges made for labor and services rendered, to manufacturing facilities and green manufacturing facilities.

(b) No new exemption certificates may be issued on or after July 1, 2035.

(c) The exemptions provided in this section expire January 1, 2036.

(2)(a) In order to obtain an exemption certificate under this section, a manufacturing facility or green manufacturing facility must submit an application to the department for an exemption certificate. The application must include the information necessary, as required by the department, to determine that the facility qualifies for the exemption under this section.

(b) A manufacturing facility or green manufacturing facility claiming the exemption under this section must present the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(c) The exemption certificate is effective on the date the application is received by the department, which is the date of issuance. Only purchases on or after the date of issuance qualify for the exemption under this section. No tax refunds are authorized for purchases made before the effective date of the exemption certificate.

(d) Exemption certificates expire two years after the date of issuance, unless construction has been commenced.

(3) Manufacturing facilities and green manufacturing facilities claiming an exemption under this section must complete an annual tax performance report with the department as required under RCW 82.32.534.

(4) The certificate holder may not at any time assign or transfer a certificate without the prior written consent of the department. The department must allow certificate transfers if the certificate holder meets the following requirements:

(a) The certificate assignee or transferee is qualified to do business in the state;

(b) The assignee or transferee acknowledges the transfer of the certificate in writing;

(c) The assignee or transferee agrees to keep and perform all the terms of the certificates; and

(d) An assignment or transfer of the certificate is to an entity that:

(i) Controls, is controlled by, or under common control with, the certificate holder;

(ii) Acquires all or substantially all of the stock or assets of the certificate holder; or

(iii) Is the resulting entity of a merger or consolidation with the certificate holder.

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

(a) "Green manufacturing facility" means a manufacturing facility that has been certified by a state or nationally recognized organization that rates the sustainability of the manufacturing process.

(b) "Manufacturing facility" means a facility that is used to manufacture, as defined in RCW 82.04.120.

(6) This section expires January 1, 2037.

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

(1) An exemption from the tax imposed by RCW 82.12.020 is provided for the use by a manufacturing facility or green manufacturing facility of construction equipment and materials and to the use of labor and services rendered in respect to installing the construction equipment and materials.

(2) The exemption provided in this section does not apply to any person for whom the exemption under section 1 of this act does not apply.

(3) A manufacturing facility or green manufacturing facility claiming an exemption under this section must complete an annual tax performance report as required in RCW 82.32.534. The report must identify construction firm names and employment levels used for constructing, renovating, refurbishing, or remodeling the manufacturing facility or green manufacturing facility.

(4) The definitions and requirements in section 1 of this act apply to this section.

(5) This section expires January 1, 2037.

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