
SUBSTITUTE SENATE BILL 5689

State of Washington

68th Legislature

2023 Regular Session

By Senate Business, Financial Services, Gaming & Trade (originally sponsored by Senators Stanford, Braun, Keiser, Rolfes, and Saldaña)

1 AN ACT Relating to providing a sales and use tax exemption
2 related to internet and telecommunications infrastructure projects
3 involving a federally recognized Indian tribe; adding new sections to
4 chapter 82.08 RCW; adding a new section to chapter 82.12 RCW;
5 creating a new section; and providing expiration dates.

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
8 RCW to read as follows:

9 (1) The tax levied by RCW 82.08.020 does not apply to sales of
10 building materials, telecommunications equipment, or any personal
11 property used or incorporated into a qualified infrastructure
12 project. This exemption also applies to charges made for the labor
13 and services related to the construction of a qualified
14 infrastructure project or the installation of any equipment or other
15 personal property incorporated into a qualified infrastructure
16 project.

17 (2)(a) In order to obtain an exemption certificate under this
18 section, a taxpayer working on a qualified infrastructure project
19 must submit an application to the department for an exemption
20 certificate. The application must include the information necessary,
21 as required by the department to determine that the taxpayer

1 qualifies for the exemption under this section. The application must
2 also include certification from the owner of the qualified
3 infrastructure project that the taxpayer is associated with the
4 qualified infrastructure project and any other information as
5 required by the department. The department must issue an exemption
6 certificate to qualified taxpayers.

7 (b) A qualified taxpayer claiming the exemption under this
8 section must present the seller with an exemption certificate in a
9 form and manner prescribed by the department. The seller must retain
10 a copy of the certificate for the seller's files.

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

16 (d) An exemption certificate expires on the date the project is
17 certified as complete by the qualified infrastructure project owner
18 or December 31, 2029, whichever is first.

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

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

29 (b) "Qualified infrastructure project owner" means a federally
30 recognized tribe and an indigenous-owned business entity that is
31 deploying an internet and telecommunications infrastructure in at
32 least one distressed county on the coast of Washington.

33 (4) The total amount of state sales and use tax exempted under
34 this section and section 2 of this act may not exceed \$8,000,000. A
35 qualified infrastructure project owner within 60 days of the
36 expiration of the exemption certificate under subsection (2)(d) of
37 this section must pay any tax due under this subsection. The
38 department may not assess penalties and interest as provided in
39 chapter 82.32 RCW on the amount due if the amount due is paid within
40 the 60-day period, or any extension thereof. The department may

1 require a qualified infrastructure project owner to periodically
2 submit documentation, as specified by the department, prior to the
3 expiration of the exemption certificate to allow the department to
4 track the total amount of sales and use tax exempted under this
5 section and section 2 of this act.

6 (5) This section expires December 31, 2029.

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

9 (1) Provided an exemption certificate has been issued pursuant to
10 section 1 of this act, the provisions of this chapter do not apply
11 with respect to the use of building materials as well as charges made
12 for the labor and services related to the construction of a qualified
13 infrastructure project. This exemption also applies to charges made
14 for the labor and services related to the construction of a qualified
15 infrastructure project or the installation of any equipment or other
16 personal property incorporated into a qualified infrastructure
17 project.

18 (2) The definitions and requirements in section 1 of this act
19 apply to this section.

20 (3) This section expires December 31, 2029.

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

23 (1) From the effective date of this section, in order to obtain
24 the exemptions provided in sections 1 and 2 of this act, a qualified
25 infrastructure project owner must certify to the department of labor
26 and industries that, for new construction work to be performed on the
27 site of the qualified infrastructure project, the project will be
28 constructed by the prime contractor and its subcontractors in a way
29 that includes community workforce agreements or project labor
30 agreements and the payment of area standard prevailing wages and
31 apprenticeship utilization requirements, provided the following
32 apply:

33 (a) The owner and the prime contractor and all of its
34 subcontractors regardless of tier have the absolute right to select
35 any qualified and responsible bidder for the award of contracts on a
36 specified project without reference to the existence or nonexistence
37 of any agreements between such bidder and any party to such project
38 labor agreement, and only when such bidder is willing, ready, and

1 able to become a party to, signs a letter of assent, and complies
2 with such agreement or agreements, should it be designated the
3 successful bidder; and

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

9 (2) This section expires December 31, 2029.

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

--- END ---