Aerial view of the State Route 520 Bridge being built next to existing bridge.

http://www.wsdot.wa.gov/Projects/SR520Bridge/About/BridgeFacts.htm

Retail Sales and Use Tax

36.100.090 - Baseball stadium deferral

Description

Provides a sales and use tax deferral on the original construction of a public baseball stadium that:

- is owned and operated by a public facilities district,
- has a retractable roof, and
- has natural turf.

Purpose

To encourage construction of a stadium for professional baseball in King County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The public facilities district has repaid the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The construction of Safeco Field was completed in January 2000, and the repayments of deferred sales and use taxes were completed in 2014.
- No other public facilities district will use this deferral.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Public facilities districts
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

36.102.070 - Football stadium deferral

Description

Public stadium authorities are eligible to defer retail sales and use taxes on the construction of:

- professional football and soccer stadiums, and
- adjacent exhibition centers.

Deferred sales tax is repayable over a ten year period, starting five years after the stadium becomes operational. Qwest Field and its exhibition center, which qualified for the deferral, were complete in 2002. Repayment began in 2007.

Purpose

Encourage the construction of a professional football and soccer stadium and adjacent exhibition center in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	$0.000	$0.000
Local Taxes	D	D	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The public stadium authority is repaying the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This estimate contains confidential taxpayer information and is not disclosable.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Public Stadium Authorities
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

47.01.412 - Highway 520 bridge replacement

Description

Businesses involved in the 520 bridge replacement project may apply for a deferral of state and local sales and use taxes on project costs for:

- site preparation,
- construction, and
- purchased or rented machinery and equipment.

Repayment of the deferred taxes begins the fifth year after the project is complete, and continues for the following nine years.

Purpose

Encouraged replacement of the 520 bridge.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	$0.000	$0.000	$0.000
Local Taxes	D	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Currently deferred taxes are due beginning the fifth year after the repeal, and continuing for the next nine years.
- The project will be complete in 2016.
- Currently, repayments of deferred taxes begin in 2021.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

47.46.060 - 2nd Narrows bridge

Description

A deferral of state and local retail sales tax for the tax due on construction of the second bridge over Puget Sound at the Tacoma Narrows. The deferral includes related road improvements and the rental of equipment used during construction. Ten percent of the deferred tax must be repaid annually beginning on December 31, 2031.

Purpose

Lowering the initial overall cost of the project and to mitigate the amount of tolls necessary to fund repayment of the bonds financing construction costs of the project.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not result in increased revenues. Repealing a deferral only increases revenues for any taxes not yet deferred at the time of the repeal. This project is completed.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Repealing the deferral does not impact taxes already deferred under the existing law.
- The deferral will begin being paid back in Fiscal Year 2032 (starting December 31, 2031) in ten equal installments.

Data Sources

Department of Revenue Special Programs Data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	1
Program Inconsistency:	none
JLARC Review:	JLARC completed an expedited review in 2014

82.04.050 - Personal and professional services

Description

The retail sales tax originally applied only to the sale of tangible personal property and thus, by definition, excluded services from the tax base. Since 1935, some services were added to the tax base, including:

- services to tangible personal property (e.g., repair services) in 1939;
- construction in 1941;
- rental of tangible personal property in 1959;
- certain amusement and recreation activities in 1961; and
- landscape maintenance, physical fitness and certain miscellaneous personal services in 1993.

Although, technically, the remaining personal and professional services are not "exempt" because they were never in the tax base, there has been some interest in the amount of revenue represented by these activities, and therefore they are included in this report.

Purpose

The primary reasons that services were excluded from retail sales tax may have included:

(1) to maintain simplicity by taxing only one class of property, i.e. tangible goods;
(2) to conform to the practice of other states at the time;
(3) to minimize tax administration costs by not requiring service providers to collect the tax; and
(4) recognition that services did not represent a very large share of the state economy in the 1930s.

Continued

82.04.050 - Personal and professional services

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2,203.685	$2,323.874	$2,437.509	$2,542.739
Local Taxes	$1,088.444	$1,147.808	$1,203.935	$1,255.910

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1,943.095	$2,299.025	$2,399.134
Local Taxes	$0.000	$911.869	$1,062.884	$1,108.770

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Compliance:
  - 7.5 percent of taxable would not be collected in Fiscal Year 2017,
  - 5 percent of taxable would not be collected in Fiscal Year 2018, and
  - 1.7 percent of taxable would not be collected in Fiscal Year 2019 and thereafter.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Individuals and businesses that purchase personal and professional services
Taxpayer Count:	86,689
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.04.050(10) - Labor and services used to construct and repair public roads

Description

The definition of retail sales excludes charges for labor and services performed on public roads and transportation facilities owned by:

- Local jurisdictions, or
- The federal government.

A contractor for the federal government or a local jurisdiction must pay retail sales and use tax on materials incorporated into the project. The exclusion does not extend to roads owned by the state. Sales and use tax is due on 100 percent of road construction that occurs on state roads.

Purpose

The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The impact of the sales and use tax on materials is indirectly passed on to the federal government. The exemption for labor and services for local road construction helps reduce the cost for local jurisdictions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$124.035	$126.144	$127.531	$128.297
Local Taxes	$47.126	$47.927	$48.454	$48.745

Repeal of exemption

Repealing this exemption would increase revenues. Most of the impact is from local government, which would be taxed on the total contract amount. However, the federal government would not be taxed. Keep in mind that the federal government no longer owns any roads.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$115.632	$127.531	$128.296
Local Taxes	$0.000	$43.933	$48.454	$48.745

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Department of Transportation

Continued

82.04.050(10) - Labor and services used to construct and repair public roads

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1943
Primary Beneficiaries:	The United States government and Washington cities and counties
Taxpayer Count:	604
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.050(11) - Feed and seed

Description

The definition of retail sales excludes sales of feed and seed used in the commercial production of any agricultural commodity. The same statute exempts feed and seed sold to landowners that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State Department of Fish and Wildlife.

Purpose

To support the agricultural industry. Also, feed and seed are similar to component parts (and therefore are purchased for resale), because they are absorbed into or become an integral part of an agricultural product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$100.480	$103.500	$106.599	$109.797
Local Taxes	$26.964	$27.773	$28.606	$29.465

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$94.869	$106.599	$109.797
Local Taxes	$0.000	$23.144	$28.606	$29.465

Assumptions

- 3% Growth.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

Census of Agriculture, 2012

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1935
Primary Beneficiaries:	Farmers and the vendors who supply feed and seed to farmers
Taxpayer Count:	Over 20,000 farms
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.04.050(11) - Fertilizer and chemical sprays

Description

The definition of retail sales excludes sales of chemical sprays and washes for the post-harvest treatment of fruit, sales of fertilizer and spray materials when used in the commercial production of any agricultural commodity. The same statute exempts fertilizer and spray sold to landowners that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State Department of Fish and Wildlife.

Purpose

To support the agricultural industry. Also fertilizer is similar to a component part (and therefore purchased for resale), because it is absorbed into or becomes an integral part of an agricultural product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$80.371	$84.390	$88.610	$93.040
Local Taxes	$21.570	$22.650	$23.780	$24.970

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$77.357	$88.609	$93.040
Local Taxes	$0.000	$18.872	$23.780	$24.970

Assumptions

- 5% growth in cost of sprays and fertilizers.
- Local rural tax rate = 1.7443.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Continued

82.04.050(11) - Fertilizer and chemical sprays

Data Sources 2012 United States Department of Agriculture Ag Census data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1943
Primary Beneficiaries:	Agricultural producers
Taxpayer Count:	0
Program Inconsistency:	The sales tax exemption helps to encourage the use of fertilizers and chemical sprays in agriculture. However, Chapter 70.95C RCW implements a program directed toward reduction of hazardous substances, which can include agricultural fertilizers and pesticides that have adverse environmental impacts
JLARC Review:	JLARC completed a full review in 2010

82.04.050(11) - Pollination agents

Description

The definition of "retail sale" excludes sales of agents for enhanced pollination including insects such as bees to (1) persons or farmers participating in certain habitat development/conservation programs, or (2) farmers for the purpose of producing any agricultural product for sale.

Purpose

To aid certain sectors of the agricultural industry reliant on pollination agents to produce agricultural products (such as the alfalfa industry) and make those agricultural sectors more competitive with competitors in other countries.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.018	$0.018	$0.018	$0.018
Local Taxes	$0.005	$0.005	$0.005	$0.005

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.016	$0.018	$0.018
Local Taxes	$0.000	$0.004	$0.005	$0.005

Assumptions

- Pollination is mainly performed by leaf cutter bees.
- Most farmers rent hives.
- Rental hives are not subject to sales tax so this exemption covers bees purchased for pollination.
- Most bees are purchased online or from other beekeepers.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Washington State Department of Agriculture crop data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1993
Primary Beneficiaries:	Farmers that purchase leaf-cutter bees for pollination purposes
Taxpayer Count:	1,000
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.050(12) - Labor and services used to construct and repair federal government structures

Description

Charges made for labor and services in connection with building, repairing or improving new or existing structures for the federal government or a local housing authority is not subject to retail sales and use tax. Also excluded are charges for moving earth and clearing land for these jurisdictions. The contractor must pay retail sales and use tax on materials incorporated into these projects.

Purpose

The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The federal government indirectly pays the sales and use tax through increased costs from contractors. The exemption for labor and services for local housing authorities helps reduce the cost for local jurisdictions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$79.701	$79.701	$79.701	$79.701
Local Taxes	$30.282	$30.282	$30.282	$30.282

Repeal of exemption

Repealing this exemption would not increase revenues. Most of the impact represents federal construction which would not be taxed.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Due to fluctuations in historical data assume zero growth.

Data Sources

- Washington State Department of Transportation
- FedSpending.org

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1975
Primary Beneficiaries:	The U.S. government and municipal housing authorities
Taxpayer Count:	151
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.050(13) - RTA maintenance service agreements

Description

Tangible personal property, labor, or services provided by a transit agency to a regional transportation authority (RTA) pursuant to a maintenance contract are exempt from retail sales and use taxes. This applies to items installed in bus or rail transportation equipment.

Purpose

To facilitate regional transportation and clarify the application of sales tax to the RTA.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.666	$0.680	$0.694	$0.709
Local Taxes	$0.283	$0.289	$0.295	$0.302

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.623	$0.694	$0.709
Local Taxes	$0.000	$0.265	$0.295	$0.302

Assumptions

- All data used in this estimate is publically available.
- 11 months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Growth rate of 2% annually.

Data Sources

Sound Transit financial documents, http://www.soundtransit.org/About-Sound-Transit/Accountability/Financial-documents

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Regional Transit Authority
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.050(1a)(iv); 82.04.190(1d) - Ferrosilicon

Description

The definition of retail sale excludes property used in the production of ferrosilicon which is then used to produce magnesium. These sales are classified as wholesale transactions. The exempt items must be used primarily to create a chemical reaction with an ingredient of ferrosilicon.

Purpose

To encourage magnesium production businesses to locate in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No businesses currently use this exemption and none are expected to use it in the future.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1986
Primary Beneficiaries:	Businesses using ferrosilicon
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.050(1a)(v) - Competitive telephone service

Description

Purchases of property provided to consumers as part of a competitive telephone service are exempt from retail sales and use tax.

Purpose

Avoids taxing the same product twice.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$23.878	$24.355	$24.842	$25.339
Local Taxes	$9.072	$9.253	$9.438	$9.627

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$22.325	$24.842	$25.339
Local Taxes	$0.000	$7.711	$9.438	$9.627

Assumptions

- Purchases of telecom equipment to provide to telephone service consumers will grow by 2 percent per year.
- The retail sales tax exemption would apply to telecom companies purchasing equipment for resale to consumers. Such items include cell phones, routers and modems. These types of items are taxable under wholesaling B&O.
- One quarter of telecom expenditures are for resale.

Data Sources

- Department of Revenue excise tax data
- Washington IMPLAN data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1981
Primary Beneficiaries:	Providers of telecommunication services
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.04.050(1a)(vi) - Extended warranties

Description

Purchases made to honor an extended warranty do not meet the criteria of a retail sale and are exempt from retailing B&O tax and state and local retail sales tax. Instead, these purchases are subject to wholesale B&O tax.

Purpose

Ensures buyers do not pay sales tax on replacement items or parts covered by an extended warranty.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$79.211	$83.667	$87.839	$91.648
Local Taxes	$30.068	$31.737	$33.295	$34.731

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$76.695	$87.839	$91.648
Local Taxes	$0.000	$29.092	$33.295	$34.731

Assumptions

- An effective date of July 1, 2016 results in 11 months of cash collections for Fiscal Year 2017.
- Growth mirrors growth of B&O retailing, B&O wholesaling, and state sales taxes as reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- The local sales tax rate is 2.47 percent.

Data Sources

- 2012 warranty data, Warranty Week
- Employment Security Department data
- Bureau of Labor Statistics data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Purchasers of extended warranties
Taxpayer Count:	25,000
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.04.050(2a) - Laundry services for nonprofit health care facilities

Description

Charges for laundry service for nonprofit health care facilities are exempt from retail sales tax. As a result, laundry businesses that provide services for nonprofit health care facilities are subject to B&O tax under the service classification.

Purpose

Indirectly reduces the cost of health care.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.734	$1.734	$1.734	$1.734
Local Taxes	$0.783	$0.783	$0.783	$0.783

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.589	$1.734	$1.734
Local Taxes	$0.000	$0.717	$0.783	$0.783

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Lower B&O tax rate included in estimate.
- Assume zero growth.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1973
Primary Beneficiaries:	Nonprofit health care facilities
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.04.050(2a) - Self-service laundry facilities

Description

The definition of retail sales excludes charges for the use of self-service laundry facilities. Businesses providing laundry machines on an individual use basis do not collect sales tax, but are subject to the B&O tax under the service classification.

Purpose

Equalizes the tax treatment of coin-operated laundry facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.497	$1.566	$1.637	$1.712
Local Taxes	$0.676	$0.707	$0.739	$0.773

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.436	$1.637	$1.712
Local Taxes	$0.000	$0.648	$0.739	$0.773

Assumptions

- Growth rate reflects the average growth rate for Self-Service Laundry Facilities (NAICS 812310) reporting their B&O tax.
- Change to taxpayer reporting from B&O to Retailing causes a difference in taxpayer savings and the revenues realized.
- Eleven months of collections in Fiscal Year 2017 due to June 30, 2017 expiration date.

Data Sources

- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1998
Primary Beneficiaries:	Self-Service laundry facilities
Taxpayer Count:	220
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.050(2d) - Janitorial services

Description

Retail sales tax does not apply on sales of janitorial services. The statute specifically excludes janitorial services from the definition of a retail sale, which makes them a non-retail service. Thus, a business providing janitorial services is subject to the Service and Other B&O tax classification of 1.5 percent. The customer is not subject to retail sales tax.

Janitorial services are defined as cleaning and caretaking of buildings and structures. This includes washing windows and walls, cleaning and waxing floors, and cleaning rugs, drapes and upholstery in the building.

Purpose

To recognize that cleaning of buildings does not meet the current definition of retail sale, since the activity is oriented toward merely preserving structures in their current condition, rather than actually changing the structure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$22.887	$21.625	$22.735	$23.716
Local Taxes	$11.305	$10.681	$11.229	$11.714

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$20.511	$22.735	$23.716
Local Taxes	$0.000	$9.791	$11.229	$11.714

Assumptions

Compliance:
- 7.5 percent of taxable would not be collected in Fiscal Year 2017,
- 5 percent of taxable would not be collected in Fiscal Year 2018, and
- 1.7 percent of taxable would not be collected in Fiscal Year 2019 and thereafter.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Continued

82.04.050(2d) - Janitorial services

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Janitorial service firms and their customers
Taxpayer Count:	4300 taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.050(3e) - Tree trimming under power lines

Description

The definition of retail sales excludes charges for pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment. To qualify, the work performed must be by or under the direction of an electric utility.

Purpose

To clarify the tax liability of these activities in light of the extension of sales tax to landscaping services in 1993 in that these services are not akin to landscaping but are done out of necessity to keep power lines clear of interference from trees and brush.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.574	$4.710	$4.853	$4.998
Local Taxes	$2.065	$2.127	$2.190	$2.256

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.318	$4.853	$4.998
Local Taxes	$0.000	$1.772	$2.190	$2.256

Assumptions

These activities are subject to the business and occupation tax under the service classification.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1995
Primary Beneficiaries:	Firms that prune trees and brush under electric power transmission lines and the power companies that contract for their services.
Taxpayer Count:	1,000
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.04.050(3e) - Horticultural services for farmers

Description

The definition of retail sales excludes charges for horticultural services to farmers. Sales tax is not collected on services related to the cultivation of vegetables, fruits, grains, field crops, ornamental horticulture, nursery products, as well as soil preparation, crop cultivation and harvesting services.

Purpose

To support the farmers and the agricultural industry, and clarify the tax liability of these activities in light of the extension of sales tax to landscaping services in 1993.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$8.303	$8.303	$8.303	$8.303
Local Taxes	$2.228	$2.228	$2.228	$2.228

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.611	$8.303	$8.303
Local Taxes	$0.000	$2.042	$2.228	$2.228

Assumptions

- 70 percent of United States Department of Agriculture 2012 Census of Agricultural data for Washington agricultural custom work includes horticultural services performed for farmers.
- No growth due to fluctuating data for horticultural services for farmers.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- United States Department of Agriculture 2012 Census Data
- 2015 Joint Legislative Review and Audit

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1993
Primary Beneficiaries:	Farmers who receive horticultural services
Taxpayer Count:	5,900
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2015

82.04.050(6) - Custom computer software

Description

The definition of a retail sale excludes charges for customized computer software. Instead, persons who produce customized software are subject to the B&O tax under the service classification.

Purpose

To reflect the fact that the production of customized software is considered a service.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$43.177	$48.971	$54.111	$56.432
Local Taxes	$31.572	$36.040	$38.842	$40.508

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$44.890	$54.111	$56.432
Local Taxes	$0.000	$33.037	$38.842	$40.508

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue Services Model and other Department data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1998
Primary Beneficiaries:	Buyers of custom and customized canned software
Taxpayer Count:	2,300
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.062 - Precious metals and bullion

Description

Sales of precious metals and monetized bullion are exempt from retail sales tax.

Purpose

To provide tax relief to coin and bullion dealers who experience competition from dealers in other states that do not levy retail sales tax on such transactions, and to recognize the increasing frequency of these transactions over the Internet.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.311	$9.821	$10.307	$10.752
Local Taxes	$3.553	$3.747	$3.933	$4.102

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$9.002	$10.307	$10.752
Local Taxes	$0.000	$3.435	$3.933	$4.102

Assumptions

- All taxpayers using this exemption are properly reporting this as a deduction on their excise tax returns and not just excluding from gross income.
- Current price of gold is around $1,150 per ounce.
- Growth rates used in this estimate are the same as for all retail sales because the price of precious metals is extremely volatile and no source reliably predicts the price six years into the future.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Sellers and purchases of precious metals and bullion
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.213 - Christmas tree production

Description

Items purchased for the production of plantation Christmas trees are exempt from retail sales and use tax because plantation Christmas trees are included in the definition of agricultural products. The definition of retail sale in RCW 82.04.050(11)(b) excludes agricultural products.

Purpose

To recognize that production of plantation Christmas trees is similar to the production of other agricultural products.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.748	$0.748	$0.748	$0.748
Local Taxes	$0.284	$0.284	$0.284	$0.284

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.684	$0.748	$0.748
Local Taxes	$0.000	$0.237	$0.284	$0.284

Assumptions

- Christmas trees costs $5 in taxable expenditures from planting to harvest.
- Christmas tree production/harvest seems to be pretty consistent from year to year - assume no growth
- Approximately 2.3 million Christmas trees are harvested annually in Washington for the last 6 years.

Data Sources

- Pacific Northwest Christmas Tree Association, statistics
- http://arec.oregonstate.edu/oaeb/files/pdf/AEB0001.pdf

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Growers of plantation Christmas trees
Taxpayer Count:	480
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08 - Invest in Washington pilot program

Description

The Invest in Washington pilot program creates a sales and use tax deferral for five investment projects. The deferral applies to sales and use taxes on up to $10 million in costs for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment. Two projects must be in eastern Washington. Projects approved for a rural deferral (RCW 82.60) cannot receive this deferral; and projects cannot receive multiple pilot program deferrals.

Purpose

To evaluate the effectiveness of a program that invests business taxes on new capital investments into workforce training programs that support manufacturing businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.250	$0.000	$0.000	$0.000
Local Taxes	$1.090	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. This estimate assumes deferred taxes are due beginning the fifth year after the project has been declared operationally complete, and continuing for the next nine years. Currently, anticipated repayments of deferred taxes begin in Fiscal Year 2022.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Each project's construction costs meet or exceed the $10 million per project cap.
- Three projects occur in western Washington and two occur in eastern Washington.
  - Western Washington projects assume the statewide average local tax rate for Fiscal Year 2014 of 2.4696 percent.
  - Eastern Washington projects assume the statewide average rural local tax rate for Fiscal Year 2014 of 1.7443 percent.
- Based on deferrals the Department administers, businesses complete most projects within one year. This estimate assumes:
  - The Department approves all five projects by December 2015.
  - Projects certified as complete by December 2016.
  - Recipients of the deferral begin repayments by December 31, 2021 (Fiscal Year 2022) and make repayments close to December 31 in each of the following nine years.

Continued

82.08 - Invest in Washington pilot program

Assumptions (continued)

- The State Treasurer deposits all state sales and use taxes repaid by recipients in the Invest in Washington account. The Department will notify the State Treasurer of the first repaid taxes by June 1, 2022.
- The Legislature repeals this deferral effective July 1, 2016; however since the Department approves all five projects by December 2015, no increase in revenues occurs.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Manufacturing businesses
Taxpayer Count:	Up to 5
Program Inconsistency:	None
JLARC Review:	JLARC require to review, but not yet scheduled

82.08; 82.12 - Medical marijuana sold to qualifying patients or designated providers who have recognition cards

Description

Beginning on July 1, 2016, sales of those marijuana products identified by the Department of Health as beneficial for medical use by retailers having medical marijuana endorsements are exempt from sales and use taxes when purchased by patients or designated providers who have marijuana recognition cards.

Purpose

To exempt medically beneficial marijuana from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$26.578	$30.550	$30.550
Local Taxes	$0.000	$10.100	$11.609	$11.609

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$24.364	$30.550	$30.550
Local Taxes	$0.000	$9.258	$11.609	$11.609

Assumptions

- The Washington State Department of Health will not identify specific marijuana products as "medically beneficial," but will instead consider any such product recommended or prescribed by a physician to be medically beneficial.
- All marijuana products legally sold by retailers having medical marijuana endorsements will be exempt from sales and use taxes when sold to patients or designated providers with marijuana recognition cards.
- The exemption's repeal will be effective July 1, 2016 and affect 11 months collections in Fiscal Year 2017.

Data Sources

- Estimated medical marijuana retail sales as published in the Washington State Liquor and Cannabis Board's fiscal note for 2E2SHB 2136, 2015 legislative session
- Department of Revenue excise tax data for medical marijuana sellers

Continued

82.08; 82.12 - Medical marijuana sold to qualifying patients or designated providers who have recognition cards

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	500
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Low THC products sold to qualifying patients or designated providers who have recognition cards

Description

Beginning on July 1, 2016, sales of products containing THC with a THC concentration of 0.3 percent or less, by LCB-licensed retailers having a medical marijuana endorsement, are exempt from sales and use taxes when purchased by patients or designated providers who have marijuana recognition cards.

Purpose

RCW 69.50.101(t) specifically excludes these low THC products from the definition of marijuana, so sales for medical purposes would be taxable without this exemption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.329	$1.527	$1.527
Local Taxes	$0.000	$0.505	$0.580	$0.580

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.218	$1.527	$1.527
Local Taxes	$0.000	$0.463	$0.580	$0.580

Assumptions

- Low THC products, containing less than 0.3% THC, equal about 5% of medical marijuana sales.
- The exemption's repeal will be effective July 1, 2016 and affect 11 months collections in Fiscal Year 2017.

Data Sources

- Estimated medical marijuana retail sales as published in the Washington State Liquor and Cannabis Board's fiscal note for 2E2SHB 2136, 2015 legislative session
- Department of Revenue excise tax data for medical marijuana sellers

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	500
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - All marijuana types with low THC-high CBD ratio

Description

Beginning on July 1, 2016, marijuana products identified by the Department of Health as having a low THC high CBD ratio, and to be beneficial for medical use, and sold by retailers having medical marijuana endorsements, are exempt from sales and use taxes when purchased by anyone who may legally purchase marijuana.

Purpose

To exempt these products from sales or use taxes. RCW 69.50.101(t) would exclude products with a concentration of THC 0.3 percent or less from the definition of marijuana, making their sales taxable without this exemption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- The taxpayer savings for this new exemption is indeterminate at this time because the State Department of Health has not defined "low THC high CBD ratio" nor determined the types of such products that would be beneficial for medical use.
- The Revenue estimate is indeterminate.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Individual
Year Enacted:	2015
Primary Beneficiaries:	Medical Marijuana patients
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Topical low THC products sold or provided for use by health care professionals

Description

Beginning on July 1, 2016, sales by health care professionals of topical, non-ingestible products containing THC with a THC concentration of 0.3 percent or less are exempt from sales and use taxes.

Purpose

RCW 69.50.101(t) would exclude these products from the definition of marijuana if the concentration of THC was 0.3 percent or less making their sales taxable without this exemption, which is not the legislature's intent.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.001	$0.002	$0.002
Local Taxes	$0.000	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.001	$0.002	$0.002
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- "Low THC products," containing less than 0.3% THC, equal about 5% of medical marijuana sales.
- Topical products represent about 0.1% of the value of medical marijuana.
- The proportion sold directly by health care professionals to patients is also likely to be very small, particularly in the post July 1, 2016 market.
- The exemption's repeal will be effective July 1, 2016 and affect 11 months collections in Fiscal Year 2017.

Data Sources

- Estimated medical marijuana retail sales as published in the Washington State Liquor and Cannabis Board's fiscal note for 2E2SHB 2136, 2015 legislative session
- Colorado annual sales from the Colorado Department of Revenue's "Annual Update" dated February 27, 2015, published by the Marijuana Enforcement Division
- Colorado THC market price equivalencies from the Colorado Department of Revenue's August 10, 2015 publication "Marijuana Equivalency in Portion and Dosage"
- Department of Revenue excise tax data for medical marijuana sellers

Continued

82.08; 82.12 - Topical low THC products sold or provided for use by health care professionals

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana patients
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Marijuana and low THC products produced and used by cooperative members

Description

Beginning July 1, 2016 marijuana products and low THC products (with a THC content of less than 0.3%) produced and used by cooperative members are not subject to sales and use taxes.

Purpose

To exempt from sales or use taxes the activities of medical marijuana cooperatives which are barred from selling marijuana.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

The revenue impact is Indeterminate because the number of future cooperatives is unknown.

Data Sources

Department of Revenue Sources

Additional Information

Additional Information	
Category:	Nonprofit, other
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Nonmonetary resources and labor contributed by an individual member of a medical marijuana cooperative

Description

Beginning on July 1, 2016 nonmonetary resources and labor contributed by an individual member of a medical marijuana cooperative are exempt from sales and use taxes.

Purpose

Cooperatives grow marijuana for their own medical use and may not sell product. It is the intent of the legislature to exempt this noncommercial activity from taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

The revenue impact is indeterminate because the number of future cooperatives and future resource and labor contributions is unknown.

Data Sources

Department of Revenue sources

Additional Information

Additional Information	
Category:	Nonprofit, other
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Marijuana, tribal contracts

Description

State and local sales and use taxes do not apply to the sale or use of marijuana products covered by a tribal marijuana compact.

Purpose

To treat marijuana compacts in a manner similar to cigarettes compacts, as a government to government relationship.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is confidential because it affects fewer than three taxpayers.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2015
Primary Beneficiaries:	Tribal Governments
Taxpayer Count:	Fewer than three
Program Inconsistency:	None Evident
JLARC Review:	Not on JLARC review schedule

82.08; 82.12 – Medical marijuana sold by collective gardens through June 30, 2016

Description

For the fiscal year running from July 1, 2015 through June 30, 2016, sales of marijuana products by collective gardens to qualifying patients and designated providers are exempted from sales and use taxes. Collective gardens in Washington State will no longer be legal as of July 1, 2016.

Purpose

To exempt medical marijuana from sales and use taxes during the transition to the new regulatory environment, that will be implemented on July 1, 2016, where medical marijuana will be exempt from these taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.507	$0.000	$0.000	$0.000
Local Taxes	$2.093	$0.000	$0.000	$0.000

Repeal of exemption

Repealing the exemption would not increase tax revenues. It expires July 1, 2016.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Collective gardens in Washington State will cease to exist as of July 1, 2016, so repealing this exemption has no impact.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Collective gardens and their customers
Taxpayer Count:	500 known
Program Inconsistency:	None Evident
JLARC Review:	JLARC has scheduled for review in 2025

82.08.010(1) - Trade-ins

Description

The definition of selling price excludes the value of trade-ins. This means sales tax is collected on the price after the value of the trade-in is deducted. To qualify, the used items must be accepted by the vendor and be of "like-kind." For example, a person purchasing a new French horn may trade in a used trombone since both are musical instruments.

Purpose

To encourage purchases of new items, especially motor vehicles.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$159.592	$161.187	$162.799	$164.427
Local Taxes	$57.144	$57.715	$58.293	$58.875

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$147.756	$162.799	$164.427
Local Taxes	$0.000	$52.906	$58.293	$58.875

Assumptions

- Assume growth of one percent per year.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Buyers of motor vehicles
Taxpayer Count:	1,421
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.010(1,b) - Cash discounts

Description

Cash, term, or coupon discounts taken by a purchaser, and not reimbursed to the seller by a third party are not included in the definition of sales price. As a result, sellers may deduct discounts taken by the purchases in determining the amount of retail sales tax due.

Purpose

To avoid taxing sellers on income they did not actually receive from purchasers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$24.496	$25.858	$27.141	$28.312
Local Taxes	$9.307	$9.824	$10.312	$10.757

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$23.704	$27.141	$28.312
Local Taxes	$0.000	$9.005	$10.312	$10.757

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Businesses that offer cash discounts to purchasers
Taxpayer Count:	3,900
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.08.0203 - Trail grooming services

Description

Sales of trail grooming services to the state of Washington or nonprofit corporations organized under chapter 24.03 RCW are not subject to sales tax. Trail grooming means the activity of snow compacting, snow redistribution, or snow removal on state-owned or privately owned trails.

Purpose

To provide higher quality and safer cross country ski trails in Washington and to promote tourism.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.093	$0.096	$0.100	$0.103
Local Taxes	$0.035	$0.037	$0.038	$0.039

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.088	$0.100	$0.103
Local Taxes	$0.000	$0.034	$0.038	$0.039

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.
- Performance Audit acct had less than $500 therefore is not included in the revenue impact above.

Data Sources

Washington State Parks and Recreation Commission Trail Grooming Budget 2014

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	The state of Washington and nonprofit organizations which operate cross-country ski trails
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.0204; 82.12.0204 - Honey bees

Description

Eligible apiarists are exempt from the retail sales and use tax for the purchase or use of honey bees. This exemption currently expires July 1, 2017.

Purpose

To provide temporary tax relief to apiarists that purchase honey bees to counter the negative economic impact on the state's agricultural sector from the colony collapse disorder and the resulting loss of bee hives occurring when the legislature enacted the exemption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

Beekeeping is a small, specialized industry so no growth over time.

Data Sources

- Washington State Department of Agriculture bee keeper list
- Bee keeping websites
- Department excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2008
Primary Beneficiaries:	Apiarists
Taxpayer Count:	10
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.0205; 82.12.0205 - Waste vegetable oil used in production of biodiesel

Description

Sales of waste vegetable oil used by a person to produce biodiesel for personal use are exempt from the retail sales and use tax.

Purpose

To support production of alternative fuels.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.435	$0.435	$0.435	$0.435
Local Taxes	$0.161	$0.161	$0.161	$0.161

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.398	$0.435	$0.435
Local Taxes	$0.000	$0.147	$0.161	$0.161

Assumptions

Value of waste vegetable oil is $2 per gallon.

Data Sources

United States Energy Information Administration

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Small scale biodiesel producers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.0206 - Working families tax remittance

Description

The working families' tax exemption is an exemption from the prior year's state retail sales tax for eligible persons based on the person's federal earned income tax credit (EITC). However, the "working families' tax exemption" is contingent on the Legislature approving the exemption in the state omnibus appropriations act for each fiscal period.

Persons claiming the exemption must apply to the Department of Revenue. The Department will remit exempted amounts to eligible persons who submitted applications. Remittances are equal to 10 percent of the granted federal EITC or $50, whichever is greater.

An eligible person:
- Is an individual, or an individual and his or her spouse if they file a federal joint income tax return,
- Is eligible for, and is granted, the federal EITC,
- Properly files a federal income tax return as a Washington resident, and
- Has been a resident of the state of Washington more than 180 days of the year for which the exemption is claimed.

Purpose

Results in a less regressive tax system.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

When legislatively approved, repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Currently not funded by the Legislature.

Data Sources

None

Continued

82.08.0206 - Working families tax remittance

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Washington residents
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.0208; 82.12.0208 - Digital codes

Description

Digital codes providing access to exempt digital goods are exempt from retail sales and use taxes.

Purpose

To promote uniformity, consistency, and ease of administration in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.200	$0.200	$0.200	$0.200
Local Taxes	$0.076	$0.076	$0.076	$0.076

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.183	$0.200	$0.200
Local Taxes	$0.000	$0.070	$0.076	$0.076

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Washington Input-Output model
- Washington IMPLAN model
- United States Census Bureau's E-Stats

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Sellers of codes which provide access to digital goods
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.02081; 82.12.02081 - Audio or video programming by broadcasters

Description

Audio and video programming by radio and television broadcasters is exempt from the retail and sales use taxes. However, pay-per-program sales or charges for access to a library of programs are subject to retail sales and use taxes.

Purpose

To provides uniformity and consistency in the treatment of digital media.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.812	$1.915	$2.013	$2.118
Local Taxes	$0.687	$0.727	$0.764	$0.804

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.755	$2.013	$2.118
Local Taxes	$0.000	$0.666	$0.764	$0.804

Assumptions

- The growth rate used is the "Intellectual Property Products" from the Economic and Revenue Forecast Council's November 2014 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Radio and TV broadcasters
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC is scheduled to review in 2019

82.08.02082; 82.12.02082 - Digital goods or automated services for the public

Description

Purchases of digital goods and digital automated services are exempt from retail sales and use taxes when acquired for the purpose of making them available to the general public at no charge.

Purpose

Promotes fairness and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.177	$1.277	$1.386	$1.504
Local Taxes	$0.447	$0.485	$0.527	$0.571

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.445	$0.527	$0.571
Local Taxes	$0.000	$0.169	$0.200	$0.217

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- The digital products (digital goods and digital automated services) share of business purchases was assumed for each NAICS.
- There are $2 million in sales taxes at issue, half from digital goods and half from digital automated services.
- However, the digital goods portion is already exempt as "any business purpose."
- Hence, the only thing exempted here is the $1 million in relevant digital automated services.
- There is only 20 percent compliance for digital products sold by out of state taxpayers.
- The compliance rate for in state taxpayers is 90 percent.
- The growth rate for these digital products was 11.6 percent in 2013 and will slowly decline to 10.25 percent by 2019.

Continued

82.08.02082; 82.12.02082 - Digital goods or automated services for the public

Data Sources

- United States Census Bureau's "E-Stats" table for services in 2012 and 2013 implies an 11.6 percent weighted average growth rate for these digital products in the year 2013.
- The business shares of purchases, and other disaggregated NAICS data, are from the Washington State Implan model (from Implan Group LLC).

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Taxpayers providing digital content for free
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.02087; 82.12.02087 - Digital goods and services for business purposes

Description

Digital goods purchased solely for business purposes are exempt from retail sales and use tax.

Purpose

To promote uniformity and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.230	$17.974	$19.862	$21.897
Local Taxes	$6.167	$6.830	$7.547	$8.321

Repeal of exemption

The repeal this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.215	$12.314	$13.576
Local Taxes	$0.000	$3.882	$4.679	$5.159

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- The digital products (digital goods and digital automated services) share of business purchases was assumed for each NAICS.
- Only digital goods are currently exempted by 82.08.0287.
- Fifty percent of business digital product purchases are assumed to be digital goods as are 50 percent of business digital automated service purchases.
- "Business purpose" is a very broad term.
- There is only 20 percent compliance for digital products sold by out of state taxpayers.
- The compliance rate for in state taxpayers is 90 percent.
- Growth rate for these digital products was 11.6 percent in 2013 and will slowly decline to 10.25 percent by 2019.

Data Sources

- United States Census Bureau's "E-Stats" table for services in 2012 and 2013 implies an 11.6 percent weighted average growth rate for these digital products in the year 2013
- The business share of purchases, and other disaggregated NAICS data, are from the Washington State Implan model (from Implan Group LLC)

Continued

82.08.02087; 82.12.02087 - Digital goods and services for business purposes

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses buying and selling digital products
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.02088; 82.12.02088 - Digital goods and services for multiple points of use

Description

Digital goods, digital codes, digital automated services, prewritten computer software, and services which are concurrently used by a business or other organization both within Washington and outside the state are exempt from retail sales and use taxes if the goods or services are not for personal use.

Purpose

To promote uniformity, consistency and ease of administrative in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.200	$0.200	$0.200	$0.200
Local Taxes	$0.076	$0.076	$0.076	$0.076

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.183	$0.200	$0.200
Local Taxes	$0.000	$0.070	$0.076	$0.076

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Washington Input-Output model
- Washington IMPLAN model
- United States Census Bureau, E-Stats

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Entities with operations within and outside the state
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.0251 - Casual sales

Description

Persons not otherwise engaged in business activities are not required to collect retail sales tax when they sell items or services meeting the definition of a retail sale to consumers. However, the buyer is not exempt from the use tax on the value of these purchases.

Purpose

To limit retail sales tax collection and reporting to business entities. Also, the exemption recognizes the practical problems associated with locating and registering casual sellers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.648	$7.975	$8.317	$8.675
Local Taxes	$2.664	$3.030	$3.160	$3.296

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.311	$8.317	$8.675
Local Taxes	$0.000	$2.778	$3.160	$3.296

Assumptions

- All casual sales eligible reported by registered businesses are reported as a deduction under the retailing B&O classification.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- America's Research Group
- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Businesses that sell items outside their general scope of business. Individuals that sell products at garage or yard sales
Taxpayer Count:	50,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.0252 - Sales subject to public utility tax

Description

Sales subject to the public utility tax are exempt from retail sales tax. This affects only the distribution or sale of tangible personal property that would otherwise be subject to sales taxes, particularly natural gas, electricity, and water.

Purpose

Without the exemption these activities would be subject to both the public utility tax and to sales taxes which may be viewed as double taxation. The public utility tax is considered a tax on consumers of utility services even though the provider of the service pays the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$612.736	$636.389	$666.287	$694.972
Local Taxes	$232.840	$241.828	$253.189	$264.089

Repeal of exemption

The repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$583.356	$666.287	$694.972
Local Taxes	$0.000	$221.675	$253.189	$264.089

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- The estimated tax savings does is not a net taxpayer savings (sales tax saved minus public utility tax paid.) Taxpayer savings reflect only the sales tax amount.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Public utilities and their customers
Taxpayer Count:	1,040
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.02525; 82.12.02525 - Public records copies

Description

Charges received by state or local government agencies as reimbursement for the cost of providing copies of public records are exempt from retail sales and use tax.

The exemption applies to documents provided under the Public Records Act when no fee is charged for the record itself, other than the amount necessary to cover the actual costs of providing the document. A maximum fee of $0.15 per page applies if the agency has not determined the actual cost.

Purpose

Supports open government and encourages citizens to seek the information they need from governmental agencies. Prevents agencies from having to collect and remit small amounts of sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.096	$0.098	$0.100	$0.102
Local Taxes	$0.036	$0.037	$0.038	$0.039

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.090	$0.100	$0.102
Local Taxes	$0.000	$0.034	$0.038	$0.039

Assumptions

- Seventy-five percent of "other statutory certifying and copy fees" are for copying of public records.
- State charges equal local charges.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Minimal impact to the Performance Audit account.

Data Sources

State Auditor, Local Govt. Financial Report System (LGFRS)

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Washington citizens and state and local government agencies
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0253; 82.12.0345 - Newspapers

Description

The sales of newspapers sold by subscription and at newsstands are exempt from the sales and use tax.

Department of Revenue rules define a newspaper as a publication issued at regular intervals of less than two weeks, printed on newsprint in tabloid or broadsheet format, and without substantial binding.

Purpose

In 1935, taxing newspapers was viewed as inhibiting the "freedom of the press." In addition, the exemption relieved newspaper carriers (mostly youth) from being responsible for collecting and reporting the tax; however, the billing function has now largely been centralized by the publisher.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.579	$15.579	$15.579	$15.579
Local Taxes	$5.919	$5.919	$5.919	$5.919

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.281	$15.579	$15.579
Local Taxes	$0.000	$5.426	$5.919	$5.919

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Newspaper Association of America. Business Model Evolving, Circulation Revenue Rising. April 18, 2014

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Buyers of newspapers
Taxpayer Count:	2.9 million
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.02535 - Fund-raising sales of magazines

Description

Magazine subscriptions are exempt from retail sales tax when sold by schools or nonprofit organizations benefitting boys and girls nineteen years and younger for purposes of raising funds to support their school or organization.

Purpose

To support these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.500	$0.560	$0.570	$0.590
Local Taxes	$0.170	$0.210	$0.220	$0.230

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.510	$0.570	$0.590
Local Taxes	$0.000	$0.180	$0.220	$0.230

Assumptions

- Spending internet subscriptions is increasing.
- Spending on hard copy subscriptions is declining and is now under $60 per year, and 1/3 of this amount is for purchases from organizations doing fund raising.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

- http://www.fund-raising-ideas-center.com/magazine-fund-raising.html
- http://www.american-publishers.com/Default.aspx?s=67a7ad96-62d3-4ffe-a45c-a4cf00f732b8
- https://www.fundraising.com/online-fundraising/how-it-works
- http://www.theguardian.com/news/datablog/2013/aug/19/digital-magazines-popular-circulation-figures

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Schools and nonprofit organizations
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.02537; 82.12.0347 - Academic transcripts

Description

Fees charged by public and private educational institutions for providing copies of academic transcripts to current and former students are exempt from retail sales and use tax.

Purpose

To provide tax relief for students charged for copies of academic transcripts sent on their behalf to other schools, prospective employers, etc.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.138	$0.138	$0.138	$0.139
Local Taxes	$0.052	$0.052	$0.053	$0.053

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.127	$0.138	$0.139
Local Taxes	$0.000	$0.044	$0.053	$0.053

Assumptions

- The state would not pay B&O tax on income from providing transcripts for students at public colleges and universities, since it is not a taxable "person" under RCW 82.04.030.
- Political subdivisions are potentially subject to business tax, so public K-12 schools are assumed to be taxable for purposes of this estimate.
- 50% of college graduates order 5 transcripts @ $10 each.
- 80% of high school students order 4 transcripts @ $2 each.

Data Sources

- Office of the Superintendent of Public Instruction
- Office of Financial Management

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Students
Taxpayer Count:	295 school districts 22 4-year institutions 34 2-year institutions
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0254; 82.12.0255 - Constitutionally exempt sales

Description

Sales prohibited from taxation under state or federal constitutions receive an exemption from retail sales and use taxes. This "catch-all" provision covers situations not covered by other specific exemptions. The major items in this general exemption include sales:

- Where the final location is out-of-state,
- To the U.S. government, and
- To Indian tribes and their members in their Indian Country.

Purpose

Recognizes the prohibition against taxing the federal government, Indians tribes and their members in their Indian country, or placing a burden on interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$240.992	$254.389	$267.007	$278.530
Local Taxes	$91.562	$96.652	$101.446	$105.824

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth mirrors total sales tax collections, as reflected in the February 2015 general fund forecast.
- No revenues are realized if the state law is repealed, these sales are also constitutionally exempt at the federal level.

Data Sources

- Department of Revenue tax return data
- Office of Financial Management, 2007 I-O Tables
- Economic and Revenue Forecast Council, February 2015 forecast

Continued

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Federal Government and individuals located on Indian reservations
Taxpayer Count:	8,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0255(1a,c); 82.12.0256(2a,c) - Fuel for urban transit or passenger-only ferries

Description

Motor vehicle fuel purchased for the purpose of providing public transportation is exempt from retail sales and use tax. The fuel must also be exempt under the motor vehicle and special fuel taxes. This exemption also applies to fuel purchased by a public transportation benefit area, or a county-owned ferry or county ferry district for use in passenger-only ferries.

Purpose

To reduce the cost of providing public transit and encourage the use of these systems by riders.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.501	$3.776	$3.906	$4.006
Local Taxes	$1.330	$1.435	$1.484	$1.522

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.462	$3.906	$4.006
Local Taxes	$0.000	$1.315	$1.484	$1.522

Assumptions

- The county ferry sales and use tax exemption on fuel is included in the estimate under RCW 82.08.0255(1d,e) of this study.
- This estimate only contains the amounts used for urban transit.
- Fuel prices per gallon are based upon the average 2014 prices for the United States West Coast for regular unleaded and diesel fuel.
- The growth rates will mirror the oil price growth rates reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Licensing Fuel Tax Taxpayer Data
- Economic & Forecast Council February 2015 Forecast
- United State Energy Information Administration

Continued

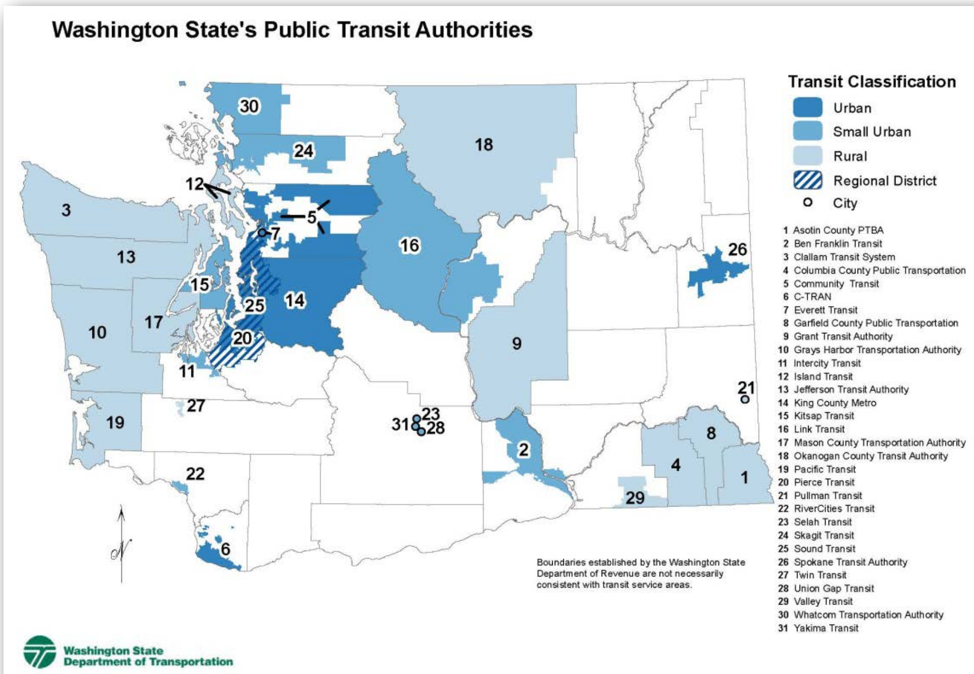
82.08.0255(1a,c); 82.12.0256(2a,c) - Fuel for urban transit or passenger-only ferries

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1980
Primary Beneficiaries:	Publicly and privately operated urban passenger transportation providers
Taxpayer Count:	Unknown (not tracked by Department of Licensing)
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

Beneficiaries Map

As of January 2014, there were 31 public transit authorities. It is unknown the number of privately operated urban passenger transportation providers operating in the state.



Source: Map of Washington state's 31 transit authority districts, updated January 8, 2014

82.08.0255(1b); 82.12.0256(2b) - Fuel for transporting persons with special needs

Description

Motor vehicle and special fuel purchased by a certified private, nonprofit transportation provider for persons with special transportation needs is exempt from retail sales and use tax. The fuel must also be exempt from the special fuel taxes.

Purpose

To lower nonprofit transportation provider costs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.115	$0.124	$0.129	$0.132
Local Taxes	$0.044	$0.047	$0.049	$0.050

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.114	$0.129	$0.132
Local Taxes	$0.000	$0.043	$0.049	$0.050

Assumptions

- The growth rates will mirror the oil price growth rates reflected in the February 2015 economic forecast.
- The revenue impact to the Performance Audit account is not material.
- Fuel prices per gallon are based upon the average 2014 prices for the United States West Coast for regular unleaded and diesel fuel.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Licensing Fuel Tax Taxpayer Data
- Economic & Forecast Council February 2015 Forecast
- United State Energy Information Administration

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Special Needs Transportation Providers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.0255(1d,e); 82.12.0256(2e,f) - Fuel for state or county ferries

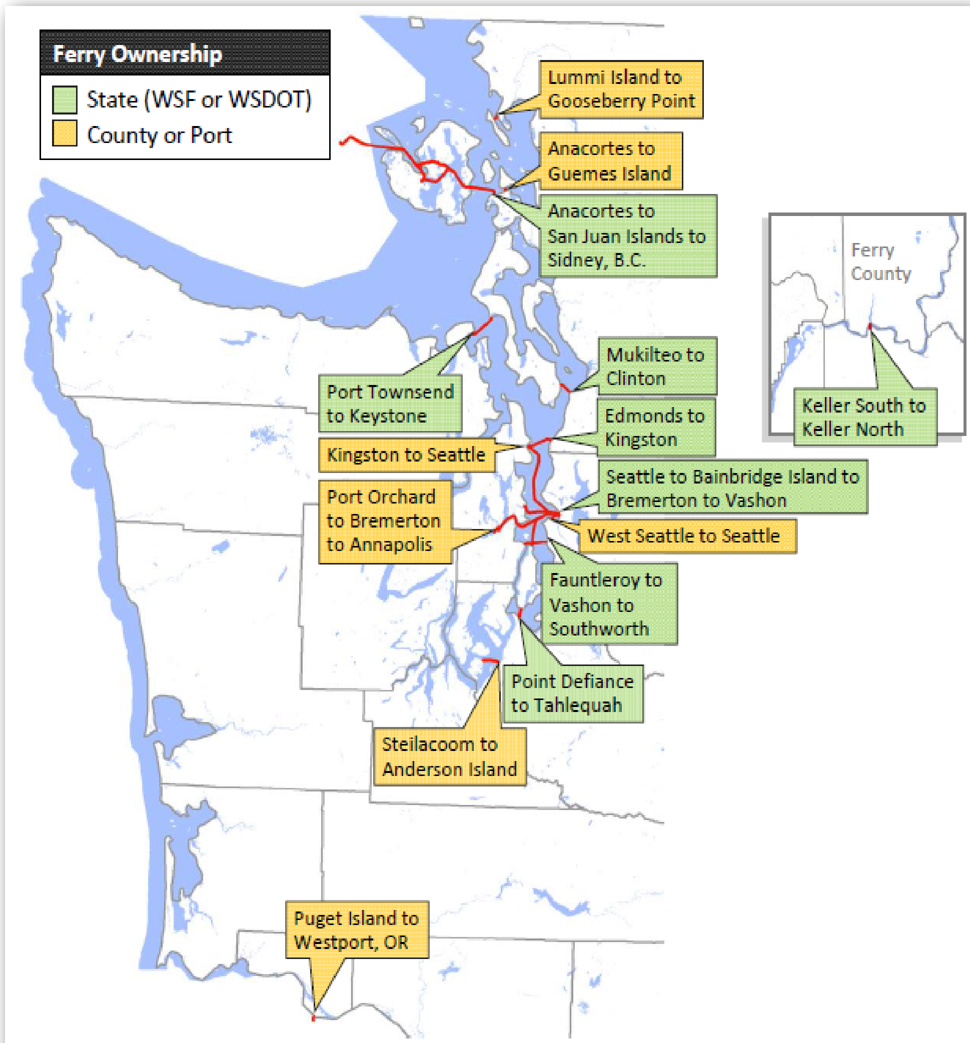
Description

Motor vehicle or special fuel purchased for use in state or county-owned ferries is exempt from the retail sales and use tax.

Purpose

Reduces the cost for state and local government to provide ferry service.

State and County-Owned Ferries Operated in Washington



Source: JLARC analysis using WSDOT GIS data, 2012 Tax Preference Performance Reviews

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.222	$2.397	$2.479	$2.543
Local Taxes	$0.844	$0.911	$0.942	$0.966

Continued

82.08.0255(1d,e); 82.12.0256(2e,f) - Fuel for state or county ferries

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.198	$2.479	$2.543
Local Taxes	$0.000	$0.835	$0.942	$0.966

Assumptions

- The growth rate will mirror the oil price growth rate reflected in the February 2015 economic forecast.
- Fuel price per gallon based upon average diesel price for 2014 less fuel taxes
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Washington State Department of Transportation Budget Data (Includes County Ferries)
- Economic and Revenue Forecast Council February 2015 Forecast
- U.S. Energy Information Administration

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	State and County-Owned Ferry Systems
Taxpayer Count:	8
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2021

82.08.0255(1f); 82.12.0256(2d) - Motor Vehicle and special fuel used on public highways

Description

Fuel subject to the special fuel tax is exempt from the retail sales and use tax. This exemption is primarily for gasoline, diesel, and other fuels used by vehicles on public highways.

Purpose

To avoid double taxation. However, there are other instances of products being subject to a tax at the distributor level and another tax at the retail level.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$455.291	$491.392	$508.275	$521.376
Local Taxes	$173.059	$186.699	$193.113	$198.091

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$450.443	$508.275	$521.376
Local Taxes	$0.000	$171.141	$193.113	$198.091

Assumptions

- The growth rates will mirror the oil price growth rates reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Economic Revenue & Forecast Council February 2015 Forecast
- Department of Revenue taxpayer data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Licensed Drivers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.08.0255(2); 82.12.0256(1) - Special fuel purchased in WA but used outside of state

Description

Persons engaged in interstate commerce may claim a credit or refund for retail sales or use taxes paid on fuel delivered in this state, but transported and used outside of Washington.

Purpose

To not interfere with interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Interstate carriers would likely shift their fuel purchases to other states.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The impact for this exemption is included in the estimate for special fuel used on public highways, RCWs 82.08.0255(1f) and 82.12.0256(2d), which covers all motor vehicle and special fuel used on public highways.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1983
Primary Beneficiaries:	Interstate Carriers
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.0256; 82.12.0257 - Public utility operating property

Description

The sale of operating property used in conducting a utility operation to the state or a local government entity is exempt from retail sales and use tax. The exemption includes properties such as water systems and electrical substations of a public utility.

Exemption requirements include:
- The utility property must be operating as utility property before the sale, and the new owner must continue to operate the property as a utility.
- The purchaser of the operating utility property must be a state agency or political subdivision.

Purpose

This exemption generally addresses intergovernmental transfers of utility operations as a result of annexations or incorporations. These transfers do not result in financial gain but merely reflect a transfer of assets among jurisdictions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- Utilities do not report these sales, so there is no data available.
- The impact is indeterminate, but assumed to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1935
Primary Beneficiaries:	State and local jurisdictions, municipal utilities, water districts, etc.
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.08.02565; 82.12.02565 - Manufacturing and R&D machinery and equipment

Description

Manufacturers and processors for hire are eligible for a retail sales and use tax exemption on purchases of manufacturing machinery and equipment used directly in a manufacturing operation, research and development (R&D) operation, or testing operation. Charges for installing, repairing, cleaning, altering or improving the machinery and equipment are also exempt.

Short-lived tools, hand tools, and consumable supplies do not receive an exemption. Manufacturing, R&D, and testing operations for marijuana or marijuana related products are also not eligible for the exemption.

Purpose

To encourage manufacturing activity to take place in Washington and create family wage jobs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$296.535	$308.003	$319.290	$330.456
Local Taxes	$81.655	$84.812	$87.920	$90.995

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$242.809	$274.589	$284.192
Local Taxes	$0.000	$66.860	$75.612	$78.256

Assumptions

- Expenditures on machinery and equipment used for research and development and for testing, that are related to the manufacturer's manufacturing activities, are a small percentage of total machinery and equipment, assumed at two percent.
- Expenditures on machinery and equipment that does not qualify for the exemption, including hand tools equipment with a useful life of less than one year, office equipment, most transportation equipment, computers, software and peripherals that are not used directly in manufacturing, are a sizable percentage of total expenditures, assumed to be twenty-five percent.
- Due to noncompliance, it is assumed that only eighty-six percent of taxes owed would be collectable if the exemption were repealed.
- Effective date of July 1, 2016, with 11 months impact in Fiscal Year 2017.

Continued

82.08.02565; 82.12.02565 - Manufacturing and R&D machinery and equipment

Data Sources

- 2012 Economic Census
- The 2013 Annual Survey of Manufacturers
- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Taxpayers engaged in manufacturing activities
Taxpayer Count:	15,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Description

The sale of machinery and equipment used primarily in a research and development operation at public research institutions is exempt from retail sales and use tax. Qualifying machinery and equipment includes:

- Computer hardware and software,
- Laboratory equipment and instruments,
- Vats, tanks, and fermenters, and
- Equipment used to control, monitor or operate qualifying machinery.

Purpose

Ensures amendments made to the M&E exemption in 2011 would not affect public research institutions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.150	$5.425	$5.683	$5.962
Local Taxes	$1.954	$2.058	$2.156	$2.262

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.973	$5.683	$5.962
Local Taxes	$0.000	$1.886	$2.156	$2.262

Assumptions

- The growth rate is from the Economic and Revenue Forecast Council rate for Research and Development, February, 2015.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Descriptive Statistics for Tax Incentive Programs, 2014 Report to the Legislature
- Department of Revenue data sources

Continued

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	State Research Universities
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.08.02566; 82.12.02566 - Aircraft part prototypes

Description

Purchases of ingredients incorporated into or for modifications made to prototypes of aircraft parts and auxiliary equipment are exempt from retail sales and use tax if the business developing the prototypes has taxable annual income of less than $20 million dollars. The exemption is limited to $100,000 per business per calendar year. Eligible businesses must pay tax at the point of sale and apply for a refund directly from the Department.

Purpose

To assist relatively small manufacturers of aircraft parts.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no firms using this tax preference.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.02568; 82.12.02568 - Aluminum production anodes and cathodes

Description

Sales of various ingredients used in producing anodes and cathodes used in manufacturing aluminum are exempt from the retail sales and use tax. These include carbon, petroleum coke, coal tar, pitch and similar substances.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- Aluminum production is 450,000 tons per year.
- The price of carbon components is $75.00

Data Sources

Alcoa publication
http://www.alcoa.com/locations/usa_intalco/en/pdf/AlcoaSmelterOutlook.pdf

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Aluminum manufacturers
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.02569; 82.12.02569 - Gravitational wave observatory

Description

Tangible personal property incorporated into a structure which is an integral part of a laser interferometer gravitational wave observatory is exempt from the retail sales and use tax.

Purpose

To encourage construction of such a facility in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Construction of LIGO at Hanford is complete.

Data Sources

http://www.ligo-wa.caltech.edu/informal.html

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1996
Primary Beneficiaries:	The California Institute of Technology and the federal government
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0257; 82.12.0258 - Farm auction sales

Description

Sales of tangible personal property previously used in a farm activity are exempt from retail sales and use tax if made by or through an auctioneer. The seller must be a farmer with the sale held on a farm. This exemption does not apply to personal property used by the seller in the production of marijuana, useable marijuana, or marijuana-infused products.

Purpose

To support the agricultural industry and farmers selling old equipment to purchase new equipment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.011	$3.101	$3.194	$3.290
Local Taxes	$0.808	$0.832	$0.857	$0.883

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.843	$3.194	$3.290
Local Taxes	$0.000	$0.763	$0.857	$0.883

Assumptions

- In 2008, $268.5 billion in sales occurred at auctions nationwide.
- $18.5 billion was spent on agricultural machinery and equipment sold at auction.
- Washington State represents 2 percent of the national totals.
- 10 percent of all equipment is sold at on-farm auctions.
- 3 percent growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

National Auctioneers Foundation

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1943
Primary Beneficiaries:	Farmer that sell machinery and other personal property at farm auctions, as well as the buyers of the items
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2008

82.08.02573 - Nonprofit organization fund-raising

Description

Sales by a nonprofit organization or a library for fund- raising activities are exempt from sales tax if the gross income from the sale is exempt under RCW 82.04.3651. The exemption does not extend to the regular operation of a bookstore, thrift shop or restaurant.

Purpose

To support the fund-raising activities of these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$11.958	$12.317	$12.686	$13.067
Local Taxes	$4.543	$4.680	$4.820	$4.965

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$11.290	$12.686	$13.067
Local Taxes	$0.000	$3.900	$4.820	$4.965

Assumptions

- Washington nonprofits reported over $57.8 billion in total revenue in Fiscal Year 2012.
- Nationwide income breakdown is:
  - 21 percent is from contributions, gifts and government grants,
  - 73 percent is from program services and
  - 6 percent is "other income which includes dues, rental income, special event income and goods sold.
- Assume 5 percent of "other income" is for goods sold.
- Annual growth of 3 percent.

Data Sources

National Center for Charitable statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1998
Primary Beneficiaries:	Nonprofit organizations that sale items to raise funds to support their activities.
Taxpayer Count:	About 35,000 nonprofit organizations
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0258; 82.12.0259 - Federal instrumentalities furnishing aid and relief

Description

A sales and use tax exemption on purchases exists for corporations created by Congress that provide:

- volunteer aid to the armed forces, and
- a system of national and international disaster relief.

Purpose

Supports the social benefits provided by federal instrumentalities furnishing aid and relief.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would not increase revenues. Constitutional case law makes federal instrumentalities immune from state and local taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This exemption applies to less than three taxpayers.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1945
Primary Beneficiaries:	Federal Instrumentalities furnishing aid and relief
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0259; 82.12.0261 - Breeding livestock, cattle, and milk cows

Description

Sales of livestock for breeding purposes and sales of cattle and milk cows used on a farm are exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.500	$9.690	$9.880	$10.080
Local Taxes	$2.549	$2.600	$2.652	$2.705

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$8.882	$9.884	$10.081
Local Taxes	$0.000	$2.167	$2.652	$2.705

Assumptions

- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.
- 2% growth per year.

Data Sources

United States Agriculture Census, 2012

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1945
Primary Beneficiaries:	Livestock breeders, cattle operations, and dairies the purchase animals for use in producing other animals or products for sale
Taxpayer Count:	4,800
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.026; 82.12.023 & 82.14.030(1) - Natural and manufactured gas

Description

Natural and manufactured gas delivered through a pipeline that is subject to the use tax on brokered gas under RCW 82.12.022 is exempt from retail sales and use tax.

Purpose

Washington firms that distribute natural gas are subject to public utility tax. Large industrial customers may purchase gas directly from out-of-state suppliers through brokers that are not subject to public utility tax. Starting in 1989 these large industrial customers started paying a use tax equivalent to the public utility tax. This exemption assures that these purchases are subject to the special use tax, rather than sales and use tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$19.540	$20.092	$20.696	$21.361
Local Taxes	($26.051)	($26.788)	($27.593)	($28.480)

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$18.418	$20.696	$21.361
Local Taxes	$0.000	($24.555)	($27.593)	($28.480)

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth rate starting 2020 will be zero.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Large industrial users of natural or manufactured gas
Taxpayer Count:	297
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.08.0261 - Items used in interstate commerce

Description

Sales of items of tangible personal property, such as linens, bedding, chairs and tableware (but not airplanes, trains, or vessels), to air, rail, or water private or common carriers for use in their business are exempt from retail sales tax. Any actual use of the item within this state is subject to use tax.

Purpose

Encourages the purchase of these items in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$170.127	$179.420	$187.189	$193.658
Local Taxes	$64.648	$68.180	$71.132	$73.590

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$164.469	$187.189	$193.658
Local Taxes	$0.000	$62.498	$71.132	$73.590

Assumptions

- A July 1, 2016 effective date is assumed resulting in eleven months collections for Fiscal Year 2017.
- The amount of liquid natural gas used by water common carriers in interstate of foreign commerce is likely to be very small through 2019.

Data Sources

- Commodity and fuel purchases by the Washington State transportation sectors from the Washington Implan model (Implan Group LLC)
- Jet fuel prices and Washington State jet fuel usage from the U.S. Energy Information Administration
- Department of Revenue excise tax and audit data for fuel used in-state
- Transportation sector growth rates from the June 2015 forecast of the State Economic and Revenue Forecast Council

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Transportation companies and customers
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.08.0262; 82.12.0254 - Interstate transportation equipment

Description

Retail sales and use taxes do not apply to the sale or use of airplanes, locomotives, railroad cars or watercraft and their component parts primarily used to transport property or persons for hire in interstate or foreign commerce. The exemption also applies to vessels primarily used in conducting commercial fishing operations outside of Washington waters, and intra-state commuter air carriers.

Purpose

To encourage the use of Washington-based transportation providers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$46.256	$48.126	$50.073	$52.098
Local Taxes	$17.574	$18.285	$19.025	$19.794

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$44.116	$50.073	$52.098
Local Taxes	$0.000	$16.761	$19.025	$19.794

Assumptions

- Growth rate mirrors the growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast for gross private nonresidential investment in transportation equipment.
- 11 months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue tax return data
- Economic & Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Sellers of transportation equipment
Taxpayer Count:	225
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010, air in 2014

82.08.0263 - Interstate commerce vehicles

Description

Sales of motor vehicles and trailers used for transporting persons or property for hire in interstate and foreign commerce are exempt from retail sales tax. The purchaser or user must hold a permit issued by the federal Department of Transportation (formerly the Interstate Commerce Commission).

Purpose

To encourage sales in Washington by allowing delivery of these vehicles to occur in-state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.590	$10.346	$10.701	$10.977
Local Taxes	$3.644	$3.931	$4.066	$4.171

Repeal of exemption

Repealing this exemption would likely not increase revenues. Buyers of this type of property could structure transactions to take delivery out-of-state. Also, taxing this type of property could bring a challenge under federal interstate commerce laws.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate for taxpayer savings mirrors the Automobile Sales growth rate reflected in the February 2015 economic forecast.

Data Sources

- Department of Revenue Taxpayer Data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Interstate carriers and dealers
Taxpayer Count:	193
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0264 - Vehicles sold to nonresidents

Description

Motor vehicles, trailers and campers sold to nonresidents for use outside the state are exempt from the retail sales tax. Delivery may take place in Washington, provided the vehicle is:

- Taken directly outside of this state, or
- Licensed immediately it the state of the purchaser's residence, and not used in Washington for more than three months.

Purpose

To eliminate a potential disadvantage for in-state vehicle dealers who compete against dealers in other states. Other purchases by nonresidents are subject to sales tax if delivery occurs within this state, unless the provisions of RCW 82.08.0273 (residents of states with no or low sales taxes) apply.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$47.284	$49.252	$50.792	$51.468
Local Taxes	$17.172	$17.887	$18.432	$18.692

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident purchasers would take possession outside the state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repealing this exemption would cause nonresidents to take possession of the vehicle outside of the state, so there would be no increase to state revenues.

Data Sources

- Department of Revenue Taxpayer Database
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

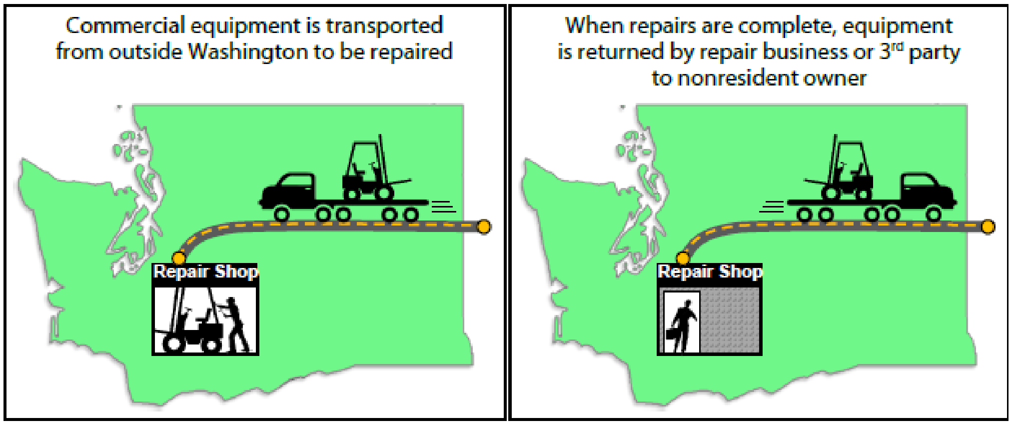
Additional Information	
Category:	Individuals
Year Enacted:	1949
Primary Beneficiaries:	Vehicle Dealers and Manufacturers
Taxpayer Count:	663
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0265 - Items repaired for nonresidents

Description

Charges for repairing, cleaning, altering or installing tangible personal property belonging to a nonresident are exempt from retail sales tax for property delivered to a location outside of the state.

Equipment Repaired In-State and Delivered to a Nonresident Out-of-State



Source: JLARC Interpretation of RCW 82.08.0265, 2011 Tax Preference Performance Reviews

Purpose

Increases the competitive position of Washington firms that repair items for nonresidents.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.186	$2.306	$2.419	$2.522
Local Taxes	$0.831	$0.876	$0.919	$0.958

Repeal of exemption

Repealing this exemption would not increase revenues.

When the Legislature enacted this exemption, the sourcing of services was to where the services were performed rather than where the benefit of the service is received. Now, the sale of services is sourced to where the benefit of the service is received. For services provided in this exemption where the property serviced is delivered to the nonresident out of state, the benefit of the service is received by the nonresident out of state, and so the result is the same as the result provided in the exemption: no sales tax imposed. This exemption is therefore unnecessary in light of current sourcing rules for sales of services.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.08.0265 - Items repaired for nonresidents

Assumptions

There would be no increase in state revenues if this exemption were repealed due to the adoption of destination-sourcing for determining sales tax liability.

Data Sources

- Department of Revenue Taxpayer Database
- Economic & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1959
Primary Beneficiaries:	Repair shops
Taxpayer Count:	79
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.08.0266; 82.08.2665 - Boats sold to nonresidents

Description

The sale of watercraft to nonresidents or foreigners for use outside of Washington is exempt from retail sales and use taxes even if delivered in Washington if the craft:

- Requires Coast Guard registration, or
- Is registered in the state of principal use, and
- Is not used in Washington for more than 45 days.

Purpose

Allowing the buyer to take delivery in Washington without incurring sales and use tax liability helps to encourage purchases by nonresidents and foreigners.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.835	$4.074	$4.343	$4.553
Local Taxes	$1.457	$1.548	$1.650	$1.730

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresidents would take delivery outside of Washington or just purchase the watercraft outside of Washington.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Nonresidents would take delivery outside of Washington or just purchase the watercraft outside of Washington.
- The growth rate will mirror the Real Nonresidential Fixed Investment growth rate reflected in the February 2015 economic forecast.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1959
Primary Beneficiaries:	Nonresidents, Boat Dealers and Boat Manufacturers
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.08.0267; 82.12.0262 - Poultry used in production

Description

Poultry used for producing poultry or poultry products are exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.176	$0.179	$0.182	$0.186
Local Taxes	$0.047	$0.048	$0.049	$0.050

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.164	$0.182	$0.186
Local Taxes	$0.000	$0.040	$0.049	$0.050

Assumptions

- Baby chicks currently cost about 65 cents for a day-old chick and $9 for an 18-week old pullet.
- There are no hatcheries in Washington that produce genetically improved chicks on a large scale basis for commercial producers.
- Most of Washington's commercial egg producers purchase their replacement chicks from out-of-state hatcheries that deliver the chicks to them.
- Purchases of replacement chicks by Washington commercial laying operations are estimated at $2.5 million.
- 2 percent annual growth.

Data Sources

- United States Agriculture Census, 2012
- Joint Legislative Audit & Review Committee references

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Producers of poultry and poultry products
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0268 - Farm equipment sold to nonresidents

Description

Farm machinery sold to nonresidents and immediately transported out of state is exempt from retail sales tax. The exemption includes parts and labor for repair services performed on machinery and implements used for farming outside of the state.

Purpose

To allow Washington implement dealers to effectively compete with dealers in neighboring states which either exempt farm machinery or have a lower (or no) sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.042	$7.394	$7.764	$8.155
Local Taxes	$1.890	$1.990	$2.080	$2.190

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident farmers would likely buy and repair machinery in another state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.782	$7.764	$8.155
Local Taxes	$0.000	$1.654	$2.080	$2.190

Assumptions

- 5 percent growth per year.
- Fiscal Year 2017 represents 11 months of collections.

Data Sources

DOR deduction data for NAICS:
- 333111 - Farm machinery and equipment machinery
- 423820 - Farm and garden machinery and equipment wholesalers
- 444220 - Nursery, garden center, and farm supply stores

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Nonresident farmers that purchase and take delivery of farm machinery, implements and parts in Washington
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0269 - Purchases by residents of Alaska & Hawaii

Description

Sales for use in states, territories and possessions of the United States which are not contiguous to any other state are exempt from retail sales tax, if the seller delivers the property to an in-state receiving terminal of a carrier that transports the goods to an out-of-state location.

Purpose

To facilitate sales to residents of Alaska, Hawaii and United States possessions and territories, and to encourage trade through Washington ports.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would not increase revenues. Buyers could easily make alternative shipping arrangements.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- The impact is assumed to be minimal.
- Most sales to such residents would be exempt under other statutes relating to interstate commerce.
- Buyers could make alternative shipping arrangements.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1961
Primary Beneficiaries:	Businesses that sell to residents of Alaska, Hawaii and United States territories
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0271; 82.12.930 - Watershed and flood protection

Description

State and local government entities are exempt from retail sales and use tax on tangible personal property consumed and labor and services rendered for watershed protection or flood prevention projects. The exemption is limited to the portion of the selling price that is reimbursable by the federal government under the Watershed Protection and Flood Prevention Act.

Purpose

Support services on watershed protection and flood prevention.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Funding for the Watershed and Flood Protection Program from the Federal Government ceased in 2010 by the US Congress.
- Currently, Washington does not receive funds from the Federal Government for projects related to watershed and flood protection.

Data Sources

United States Department of Agriculture

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1963
Primary Beneficiaries:	State and local government entities rendering projects and services relating to the watershed protection or flood prevention act
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0272; 82.12.0267 - Semen for artificial insemination of livestock

Description

Semen used for artificial insemination of livestock is exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.258	$0.258	$0.258	$0.258
Local Taxes	$0.070	$0.070	$0.070	$0.070

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.237	$0.258	$0.258
Local Taxes	$0.000	$0.060	$0.070	$0.070

Assumptions

- Use of artificial insemination will remain constant.
- In Fiscal Year 2014, deductions totaled almost $4 million on bovine semen sales.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1965
Primary Beneficiaries:	Ranchers who purchase semen for artificial insemination of livestock
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

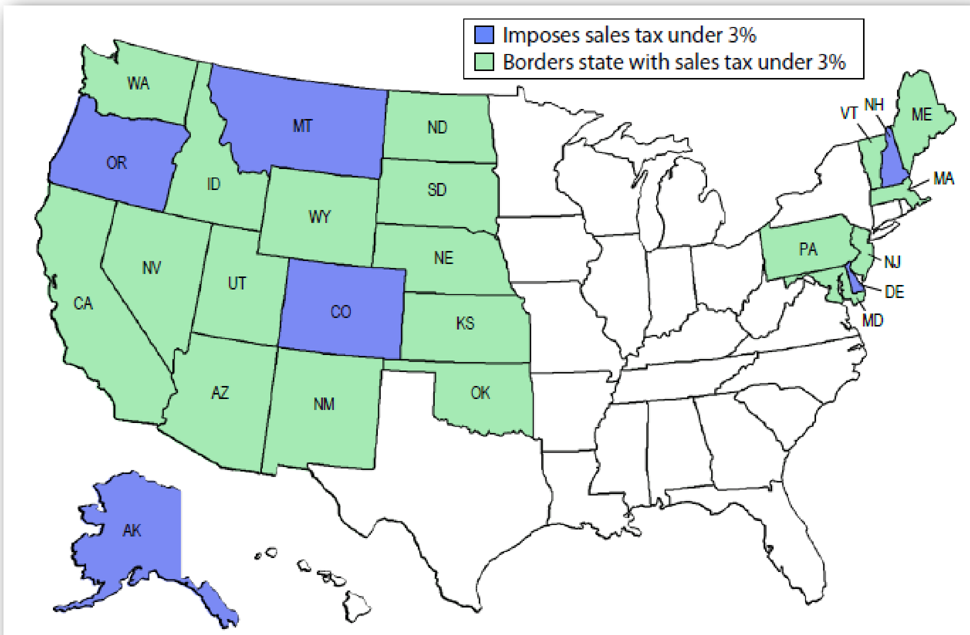
82.08.0273 - Sales to nonresidents from no or low sales tax states

Description

Nonresidents are exempt from Washington retail sales tax on tangible personal property purchased for use outside of Washington if:

- They reside in a state, possession or Canadian province which levies a sales tax of less than 3.0 percent, or

- Their state of residence allows a similar exemption for Washington residents. Currently, no state qualifies under this provision of reciprocity.



Source: JLARC analysis of CCH data on state sales taxes

Purpose

To enable Washington sellers, especially along the Oregon border, to compete with merchants in other states that either:

1. Do not levy a retail sales tax or
2. Levy a sales tax with a low rate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$33.587	$35.089	$36.448	$37.647
Local Taxes	$13.759	$14.374	$14.931	$15.422

Continued

82.08.0273 - Sales to nonresidents from no or low sales tax states

Repeal of exemption

Repealing this exemption would increase revenues. However, due to increased prices to out of state residents, it would be expected that there would be a decrease in spending. As a result, the potential increase in revenues would be slightly lower than the amount taxpayers currently save.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$28.524	$32.322	$33.386
Local Taxes	$0.000	$11.786	$13.355	$13.794

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- To calculate the percent of sales that would be lost, counties were divided into border areas (counties bordering Oregon) and non-border areas. (Within the analysis the calculations for border and non-border areas were calculated using different elasticity.)
- Because there is an increase in total price on certain goods to non-residents (as a result of imposing sales tax), it is assumed there will be a small decrease in purchases. As a result, there will be a decrease in retailing business and occupation taxes collected.
- Boats and automobiles are excluded from this analysis because nonresidents will not be required to pay sales tax for these items when taken outside Washington if the exemption was repealed.
- To project the estimates for future years, growth rates were calculated using data from the Washington State Economic and Revenue Forecast Council.

Data Sources

- Economic and Revenue Forecast Council November 2014 Forecast
- WA State County Travel Impacts study
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1965
Primary Beneficiaries:	Residents of Oregon, Alaska, Montana and the Canadian province of Alberta
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.0274; 82.12.0268 - Form lumber

Description

Form lumber used in construction to mold concrete is exempt from retail sales and use tax when incorporated into the same project. The exemption applies only to projects done by contractors for other persons. Therefore, form lumber used by "speculative" builders is not exempt under this provision.

Purpose

To exempt the contractor's intervening use as a consumer of form lumber.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There are currently few, if any, taxpayers taking advantage of this exemption.
- Contractors use form lumber over and over for multiple projects.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1965
Primary Beneficiaries:	Contractors and subcontractors who use lumber as forms for concrete
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.02745; 82.12.02685 - Farm-worker housing

Description

Purchases of goods and services used in constructing, repairing, or improving new or existing structures used as agricultural employee housing are exempt from retail sales/use tax. Agricultural employers, governmental entities, nonprofit organizations, or for-profit housing providers may own housing facilities. Agricultural employee housing does not include housing regularly provided on a commercial basis to the general public.

Purpose

To encourage construction of housing facilities for agricultural employees.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.685	$0.685	$0.685	$0.685
Local Taxes	$0.184	$0.184	$0.184	$0.184

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.628	$0.685	$0.685
Local Taxes	$0.000	$0.153	$0.184	$0.184

Assumptions

- Assumed no growth due to variability in data.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1996
Primary Beneficiaries:	Farmers and others who build housing facilities for farm workers
Taxpayer Count:	Unknown, farmers aren't required to register with the Department. Residential builders and building supply stores claim the exemption
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0275; 82.12.0269 - Sand and gravel for local road construction

Description

The cost of labor and services performed in the mining, sorting and crushing of sand and gravel taken from a pit owned by or leased to a city or county are exempt from retail sales and use tax. The city or county must either:

(1) place the sand or gravel on a local public street, or
(2) sell it at cost to another city or county for use on public roads.

Purpose

Lowers costs for constructing, maintaining and preserving county and city roads.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.835	$1.897	$1.962	$2.029
Local Taxes	$0.697	$0.721	$0.745	$0.771

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.739	$1.962	$2.029
Local Taxes	$0.000	$0.661	$0.745	$0.771

Assumptions

- Sand and gravel used in local road construction is assumed to represent 7.5 percent of government contracting as reported by 70.8 percent of highway, street and bridge construction businesses.
- This sector grows at an average rate of 3.4 percent annually.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date .

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1965
Primary Beneficiaries:	Cities and Counties
Taxpayer Count:	320
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.08.0277; 82.12.0273 - Pollen

Description

Sales and use of pollen are exempt from the retail sales and use tax.

Purpose

To support the agricultural and horticultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.026	$0.026	$0.026	$0.026
Local Taxes	$0.007	$0.007	$0.007	$0.007

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.024	$0.026	$0.026
Local Taxes	$0.000	$0.006	$0.007	$0.007

Assumptions

- Since specific data for the sale of pollen does not exist, the amount of pollen produced is estimated as a percentage of honey production.
- Pollen is 10% of honey value.
- No growth over time.

Data Sources

- Washington State Department of Agriculture data
- United State Department of Agriculture, National Agriculture Statistic Service honey reports

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1967
Primary Beneficiaries:	Farmers that buy pollen
Taxpayer Count:	Unknown; approximately 21,000 farms have harvested cropland
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0278; 82.12.0274 - Annexation sales

Description

Tangible personal property sold by one governmental entity to another, in conjunction with an annexation or incorporation, is exempt from retail sales and use tax.

Purpose

To avoid taxing the non-enterprise activities of local governments.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues by a minimal, indeterminate amount.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Sales of tangible personal property (TPP) from an annexed area to the annexing area are rare.
- Any revenue impacts are thought to be minimal.

Data Sources

Washington State Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1970
Primary Beneficiaries:	Cities, counties, or other local governments that are involved in annexations
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0279 - Nonresidents' rental vehicles

Description

Renting or leasing motor vehicles and trailers to nonresidents for exclusive use in interstate commerce are exempt from the retail sales tax. Nonresidents with places of business both inside and outside of Washington qualify for the exemption if the vehicle is registered and most frequently dispatched, garaged and serviced at a location outside of Washington. The exemption includes vehicles or trailers registered in a different state and have incidental use to transport persons or property between Washington locations.

Purpose

To relieve lessors of responsibility for collecting sales tax on the in-state use of rental cars, motor vehicles and trailers by a nonresident motor carrier engaged in interstate commerce and to encourage such businesses to rent or lease in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.250	$0.264	$0.277	$0.289
Local Taxes	$0.095	$0.100	$0.105	$0.110

Repeal of exemption

Repealing this exemption would not increase revenues. The motor vehicle leases and rentals would still qualify under the interstate commerce vehicles exemption, RCW 82.08.0263.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate for taxpayer savings mirrors the sales tax growth rate reflected in the February 2015 economic forecast.
- The repeal of this exemption would not increase revenues.
- Taxpayers would use the exemption for vehicles used in interstate commerce allowed under RCW 82.08.0263.

Data Sources

- Department of Revenue taxpayer data
- Economic Revenue & Forecast Council February 2015 Forecast

Continued

82.08.0279 - Nonresidents' rental vehicles

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1980
Primary Beneficiaries:	Truck rental businesses and nonresidents
Taxpayer Count:	264
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.02795; 82.12.02745 - Free public hospitals

Description

Free hospitals are exempt from retail sales and use tax on purchases of items used in the operation of the hospital or the provision of health care services. The exemption requires that the hospital not charge its patients for health care services received.

Purpose

To reduce the cost of health care services provided by hospitals providing free service to their patients.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers therefore the impact is confidential.

Data Sources

Internet data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1993
Primary Beneficiaries:	Free public hospitals
Taxpayer Count:	Fewer than three
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.08.02805; 82.12.02747 - Nonprofit blood and tissue banks

Description

Nonprofit blood and tissue banks are exempt from retail sales and use tax on purchases of medical supplies, chemicals and materials. However, the exemption does not extend to construction materials, office equipment and supplies, or vehicles.

Purpose

To support the activities of these entities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.155	$5.951	$6.011	$6.071
Local Taxes	$2.604	$2.649	$2.190	$2.212

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.455	$6.011	$6.071
Local Taxes	$0.000	$2.208	$2.190	$2.212

Assumptions

- The 2013 legislation expanded qualifying activities to include blood tests and blood processing.
- The expanded B&O tax and sales and use tax exemptions expire July 1, 2016.
- The initial exemptions continue after July 1, 2016.
- 1 percent growth per fiscal year.

Data Sources

- Department of Revenue data
- Blood Center web pages and financial reports

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Blood and tissue banks
Taxpayer Count:	3
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.02806; 82.12.02748 - Human body parts

Description

Sales of human blood, tissue, organs, bodies or body parts are exempt from retail sales and use tax when they are used for medical research or quality control testing

Purpose

To support medical research in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Assume zero growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Georgetown University School of Medicine. Donating Your Body to Science
- Loyola Marymount University, Seaver College of Science and Engineering
- Human Cadaver Laboratory Proposal
- USA Today. Medical Students Learn from Cadavers. Downloaded May 1, 2015
- http://usatoday30.usatoday.com/news/education/2009-11-30-medical-students-anatomy_N.htm
- Chicago Business. Cadaver supply: The last industry to face big changes. Downloaded May 1, 2015 http://www.chicagobusiness.com/article/20130223/ISSUE01/302239987/cadaver-supply-the-last-industry-to-face-big-changes

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1996
Primary Beneficiaries:	Medical research organizations
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.02807; 82.12.02749 - Organ procurement

Description

Sales to qualified nonprofit organ procurement organizations of medical supplies, chemicals or materials are exempt from sales and use tax. The exemption does not apply to the sale of construction materials, office equipment, building equipment, administrative supplies, or vehicles.

Purpose

To extend the same tax treatment available to blood, bone and tissue banks.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Without contacting the two businesses that receive this exemption directly there is no information available to complete an estimate.
- The revenue impact of this exemption is indeterminate, and there are fewer than three taxpayers so amount may not be disclosed.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2002
Primary Beneficiaries:	Organ procurement organizations
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.0281; 82.12.0275 - Prescription drugs

Description

Drugs prescribed for use by humans, drugs and devices prescribed for birth control, and drugs and devices for birth control that are dispensed by certain family planning clinics are exempt from retail sales and use tax, as long as the drugs are prescribed by a physician. In addition, drugs and devices for birth control that are supplied by a family planning clinic that is under contract with the Department of Health to provide family planning services are exempt from retail sales tax. The exemption is available for all levels of sales and distribution. It is not required that a hospital or physician make a specific charge to the patient for prescription drugs dispensed under a physician's order.

Purpose

To reduce the cost of health care.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$379.228	$379.228	$379.228	$379.228
Local Taxes	$144.083	$144.083	$144.083	$144.083

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$347.069	$379.228	$379.228
Local Taxes	$0.000	$132.076	$144.083	$144.083

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1974
Primary Beneficiaries:	Patients purchasing prescription drugs
Taxpayer Count:	4.9 million
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0282; 82.12.0276 - Returnable containers

Description

Sales and use of returnable food or beverage containers are exempt from retail sales and use tax. This includes items such as soft drinks, milk, and beer.

Purpose

Retailer purchases of nonreturnable food and beverage containers are exempt from sales and use tax because the containers are sold to consumers. This exemption provides comparable treatment for returnable containers that would not otherwise qualify for the resale exemption, since the containers are not technically "sold" to the food or beverage purchaser.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.211	$0.232	$0.255	$0.281
Local Taxes	$0.000	$0.110	$0.132	$0.158

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.213	$0.255	$0.281
Local Taxes	$0.000	$0.100	$0.132	$0.158

Assumptions

- Exemption assumes the majority of the revenue impact is from kegs used by Washington breweries.
- Minimal revenue impact from other containers such as glass milk jars.
- Annual purchases reflect growth in industry.

Data Sources

- National Brewers Association statistics
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1974
Primary Beneficiaries:	Firms that purchase containers for supplying food and beverages to consumers which is returned by the consumer to the vendor
Taxpayer Count:	256 Washington breweries
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

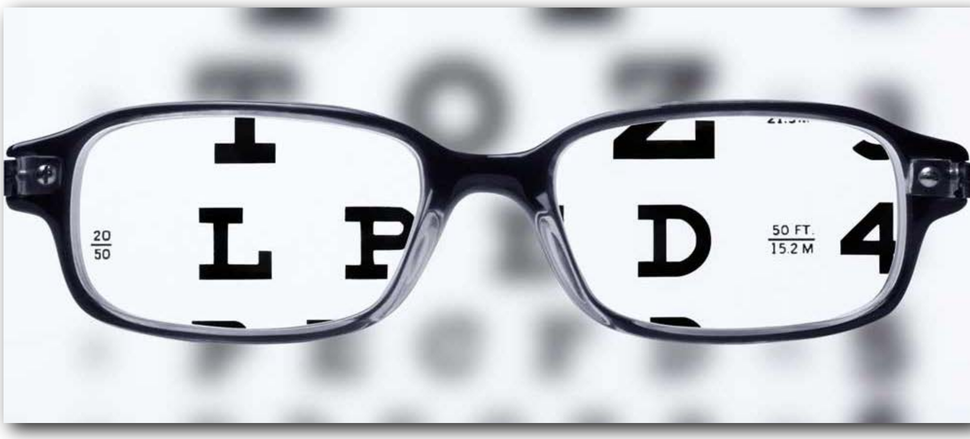
82.08.0283; 82.12.0277 - Medical devices, naturopathic medicine, and oxygen

Description

The following health-related products or devices receive an exemption from retail sales and use tax:

(1) prosthetic devices, including eyeglasses and frames, that are prescribed for individuals by a person licensed by the state to prescribe them;
(2) medically prescribed oxygen and oxygen delivery systems;
(3) medicine of mineral, animal or botanical origin that is prescribed, administered, dispensed or used in the treatment of an individual by a naturopath; and
(4) components of prosthetic devices and charges for repairing devices exempted by this statute.

In 2004, exemptions for ostomic items and insulin shifted to other statutes.



Purpose

To reduce the cost of medical care.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$43.963	$45.231	$46.136	$47.059
Local Taxes	$16.703	$17.185	$17.529	$17.879

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$41.462	$46.136	$47.059
Local Taxes	$0.000	$15.753	$17.529	$17.879

Continued

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Assume two percent annual growth.

Data Sources

Washington State Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1975
Primary Beneficiaries:	Individuals purchasing certain prescribed medical equipment
Taxpayer Count:	5,225,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.0285; 82.12.0279 - Ferry boat construction and repair

Description

The retail sales tax does not apply to sales of or charges made for constructing and improving ferry boats for the state of Washington or local governments. The use tax does not apply to the use of labor and services rendered in respect to improving such ferry boats.

Purpose

Supports state and local governments by reducing the cost of building or repairing these boats.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.003	$7.010	$4.410	$4.417
Local Taxes	$2.661	$2.663	$1.676	$1.678

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.425	$4.410	$4.417
Local Taxes	$0.000	$2.441	$1.676	$1.678

Assumptions

- Projected capital and maintenance costs will match the costs reflected in the Washington State Ferries Planned Capital and Maintenance Expenditures 2014 Budget Forecast (six year plan).
- No capital costs for county ferries during this estimate time frame
- Maintenance costs for county ferries are 3% of the state ferry maintenance costs based upon the estimated fuel consumption ratio.
- Fuel costs are excluded from this estimate, refer to the sales and use tax exemption for fuel for state or county owned ferries, RCW 82.08.0255 (d)(e) and RCW 82.12.0256 (e)(f).
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Washington State Department of Transportation Ferry Budget Forecasts -2014
- Washington State Department of Transportation 2013 Annual Transportation Summary Report

Continued

82.08.0285; 82.12.0279 - Ferry boat construction and repair

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1977
Primary Beneficiaries:	Publicly Operated Ferry Systems
Taxpayer Count:	7
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

Picture source: United States Department of Transportation
https://www.dot.gov/fastlane/grants-ferry-service-give-americans-transportation-options-they-need

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Description

Sales or use of passenger motor vehicles used primarily for commuter ride-sharing or transportation of persons with special needs are exempt from retail sales and use taxes. The vehicles must be used as ride-sharing vehicles for thirty-six consecutive months beginning from the date of purchase or first use.

To qualify under commuter ride sharing, the vehicle must be carrying five or six passengers and be operated in a county that has adopted and implemented a commute trip reduction plan. Additionally, one of the following must apply:

- The vehicle is operated by a public transportation agency for the general public, or
- The vehicle is used by a major employer as an element of its commute trip reduction program, or
- The vehicle is owned and operated by individual employees and is registered with either the employer or with a public transportation agency servicing the area where the employees live or work.

Purpose

To encourage ride-sharing for fuel conservation purposes, to help reduce traffic congestion, and to assist in addressing the requirements of the Commute Trip Reduction Act, the Growth Management Act, the Americans with Disabilities Act, and the Clean Air Act.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.005	$1.047	$1.080	$1.094
Local Taxes	$0.365	$0.380	$0.392	$0.397

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.959	$1.080	$1.094
Local Taxes	$0.000	$0.349	$0.392	$0.397

Assumptions

- The growth rate will mirror the auto sales growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Continued

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Data Sources

- Washington State Department of Revenue Taxpayer Data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Ride Share Vehicle Dealers and Purchasers
Taxpayer Count:	70
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.02875 - Football stadium and exhibition center parking

Description

Charges for parking vehicles at facilities owned by a public stadium authority are exempt from retail sales and use tax if the authority levies a local parking tax under RCW 36.38.040 to help finance construction and operation of the football stadium and adjoining exhibition center.

Purpose

To avoid charging parking customers both the local parking tax and retail sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1997
Primary Beneficiaries:	The Public Stadium Authority and users of the parking facility at Century Link Field/Exhibition Center
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0288; 82.12.0283 - Leased irrigation equipment

Description

Leases of irrigation equipment are exempt from retail sales and use tax, if:

- The lessor purchased the equipment to irrigate land they control,
- The lessor paid sales or use tax on the equipment,
- The equipment is attached to the land,
- The equipment is an incidental part of the land lease, and
- The equipment is not used in the production of marijuana.

Purpose

Normally, persons who lease tangible personal property pay sales tax to the lessor. However, in this instance, the owner of the land previously paid the sales tax on the equipment. For sales tax to apply at the lessee level, the original acquisition of the equipment by the lessor would be an exempt sale for resale.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.941	$3.030	$3.120	$3.214
Local Taxes	$0.789	$0.813	$0.837	$0.862

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.777	$3.120	$3.414
Local Taxes	$0.000	$0.677	$0.837	$0.862

Assumptions

- Washington farmers irrigated over 1.6 million acres according to the 2012 Ag Census.
- On average 15% of irrigation systems are on leased land.
- According to the 2008 irrigation survey, Washington farmers spent $45.57 million on irrigation maintenance and repairs. That averages to $30.04 per acre.
- Using data from the irrigation survey reduces this estimate compared to prior estimates.
- July 1, 2016 effective date.

Data Sources

- United States Department of Agriculture 2008 irrigation survey
- 2012 USDA census data.
- Northwest Agricultural Irrigation Market Characterization and Baseline Study

Continued

82.08.0288; 82.12.0283 - Leased irrigation equipment

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1983
Primary Beneficiaries:	Farmers that lease land which includes irrigation equipment
Taxpayer Count:	Unknown. Over 14,000 farms use irrigation
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0291; 82.12.02917 - Recreation services and physical fitness classes

Description

Amusement, recreation and physical fitness services provided by nonprofit youth organizations to members of the organization and physical fitness classes provided by a local government are exempt from retail sales and use tax.

Purpose

To support the activities of youth organizations and to clarify that fees for physical fitness classes by local governments are not enterprise income.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$11.586	$11.933	$12.291	$12.660
Local Taxes	$4.402	$4.534	$4.670	$4.810

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.938	$12.291	$12.660
Local Taxes	$0.000	$3.668	$4.670	$4.810

Assumptions

- Forty-five percent of young men and women association’s income is exempt.
- Total income in Fiscal Year 2014 is $245.13 million.
- Three percent annual growth.

Data Sources

- Urban Institute National Center for Charitable Statistics detailed NTEE data
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit youth organizations and their members
Taxpayer Count:	600
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.02915; 82.12.02915 - Housing for youth in crisis

Description

Nonprofit health or social welfare organizations are exempt from retail sales and use taxes on purchases of materials used in the construction of licensed alternative housing facilities for youth who are "in crisis." The exemption does not extend to charges for labor or services associated with the construction of these facilities.

Purpose

To encourage construction of shelters for youth who have left home.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.080	$0.084	$0.088	$0.092
Local Taxes	$0.030	$0.032	$0.033	$0.035

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.077	$0.088	$0.092
Local Taxes	$0.000	$0.026	$0.033	$0.035

Assumptions

- New construction accounts for 10 percent of total value.
- 5 percent growth in Assessed Values.

Data Sources

- Department of Social and Health Services, child welfare group home contracts
- Runstad Center for Real Estate Studies, University of Washington, median home values by county

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit organizations that house youth in crisis
Taxpayer Count:	50
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.0293; 82.12.0293 - Food and food ingredients

Description

Food and food ingredients purchased for human consumption are exempt from retail sales and use tax. The definition of food and food ingredients excludes alcoholic beverages, tobacco products, marijuana, useable marijuana, and marijuana-infused products.

The exemption does not apply to soft drinks, dietary supplements, and prepared foods, except when furnished, prepared, or served as meals to certain qualified low-income, disabled, or senior citizens as described in RCW 82.08.0293(3).

Purpose

To lessen the regressivity of the sales tax and to reduce the cost of essential items.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1,148.976	$1,203.564	$1,260.709	$1,320.531
Local Taxes	$436.540	$457.280	$478.992	$501.721

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1,103.267	$1,260.709	$1,320.531
Local Taxes	$0.000	$419.174	$478.992	$501.721

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Office of Financial Management. Forecast of the State Population by Age and Sex - November 2014.
- Legacy Management Group, LLC
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1982
Primary Beneficiaries:	Consumers who purchase food products
Taxpayer Count:	7,142,203
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0294; 82.12.0294 - Fish feed for aquaculture

Description

Persons who raise fish in confined rearing areas for sale are exempt from retail sales and use tax on purchases of feed.

Purpose

To provide equivalent treatment with farmers whose purchases of feed for their livestock are exempt from sales and use tax. This recognizes that aquaculture and agriculture are similar activities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.090	$0.090	$0.090	$0.090
Local Taxes	$0.033	$0.033	$0.033	$0.033

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.083	$0.090	$0.090
Local Taxes	$0.000	$0.030	$0.033	$0.033

Assumptions

- All fish food sellers are registered and reporting.
- No growth, estimate based on five year average.
- July 1, 2016 effective date, with 11 months cash collections in Fiscal Year 2017.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1985
Primary Beneficiaries:	Fish farmers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0296; 82.12.0296 - Livestock feed

Description

Feed consumed by livestock at public livestock markets is exempt from the sales and use tax.

Purpose

Feed sold to farmers is already exempt from the sales and use tax. This provision extends the exemption to feed consumed by livestock (e.g., cattle) while awaiting sale at a livestock market.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.114	$0.114	$0.114	$0.114
Local Taxes	$0.007	$0.007	$0.007	$0.007

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.104	$0.114	$0.114
Local Taxes	$0.000	$0.006	$0.007	$0.007

Assumptions

- On average, livestock are kept at public markets one day before being sold.
- An average is used due to variability in the expense amounts, with no growth.

Data Sources

- US Ag Census http://www.nass.usda.gov/wa/
- http://www.nass.usda.gov/wa/agri1feb.pdf
- http://agr.wa.gov/FoodAnimal/Livestock/LicensedCertifiedFeedlotsPublicMarkets.aspx

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1986
Primary Beneficiaries:	Operators of public livestock markets
Taxpayer Count:	6
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0297; 82.12.0297 - Food stamp purchases

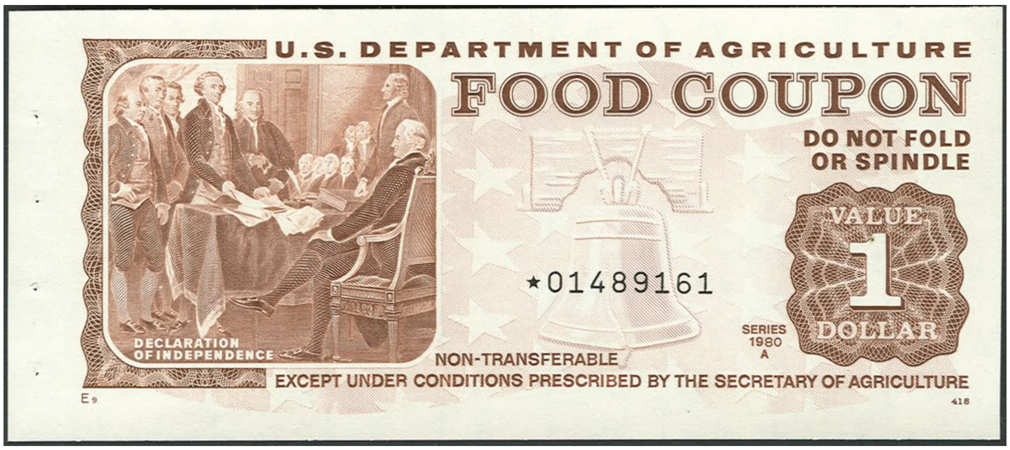
Description

Food items that are taxable in Washington and eligible for purchase with food stamps issued by the U.S. Department of Agriculture are exempt from retail sales and use tax. This includes products such as:

- soft drinks,
- vitamins, and
- cold, prepared deli items not considered as food items for home consumption.

Purpose

Federal law requires states to exempt food stamp purchases from sales tax as a condition of participation in the federal food stamp program.



Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.417	$16.261	$16.111	$15.968
Local Taxes	$6.237	$6.178	$6.121	$6.067

Repeal of exemption

Repealing this exemption would increase revenues. However, the state would have to forego participation in the federal food stamp program.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.906	$16.111	$15.968
Local Taxes	$0.000	$5.663	$6.121	$6.067

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Continued

82.08.0297; 82.12.0297 - Food stamp purchases

Data Sources

- Office of Financial Management. Forecast of the State Population by Age and Sex, November 2014
- Legacy Management Group, LLC
- Department of Revenue excise tax return data
- Department of Social and Health Services data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1987
Primary Beneficiaries:	Food stamp recipients
Taxpayer Count:	1,475,736
Program Inconsistency:	Yes; the definition of products eligible for sales tax exemption in RCW 82.08.0293 does not exactly correspond with the products which the federal government allows to be purchased with food stamps
JLARC Review:	Excluded from JLARC review

82.08.0298; 82.12.0298 - Commercial fishing boat fuel

Description

Diesel fuel used by vessels engaged in commercial deep-sea fishing or in the operation of commercial charter fishing boats is exempt from retail sales and use taxes. These vessels must regularly operate outside of state territorial waters and the gross income from fishing must be at least $5,000 annually.

Purpose

Recognizes that the majority of such fuel is consumed outside of the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.007	$2.165	$2.240	$2.297
Local Taxes	$0.762	$0.822	$0.851	$0.873

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.984	$2.240	$2.297
Local Taxes	$0.000	$0.754	$0.851	$0.873

Assumptions

- Fuel usage will be constant each year.
- The growth rate will mirror the Oil Price growth rate reflected in the February 2015 economic forecast.
- Price per gallon of diesel will be the average 2014 price per gallon for the west coast (excluding California) market for diesel fuel.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Economic & Revenue Forecast Council February 2015 Forecast
- United States Energy Information Administration

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Fisheries- Commercial
Taxpayer Count:	312
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.0299 - Lodging for homeless people

Description

Emergency lodging provided to homeless persons under a shelter voucher program is exempt from sales tax. The exemption applies for a period of up to 30 consecutive days per recipient, and the voucher must be given by a local government agency or private organization that provides emergency food and shelter for homeless persons.

Purpose

To reduce the cost of providing housing services for the homeless.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.029	$0.030	$0.031	$0.032
Local Taxes	$0.029	$0.030	$0.031	$0.032

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.028	$0.031	$0.032
Local Taxes	$0.000	$0.025	$0.031	$0.032

Assumptions

- The city of Seattle's voucher program cost $316,800.
- Assume the rest of the state is about that too for $634,000 total
- Average voucher is $80-$100.
- Due to the 2 percent state shared hotel motel tax, the state impact is based on overall rate of 4.5 percent and the local impact is based on 4.4696 percent rate.
- July 1, 2016 effective date with 11 months collections in Fiscal Year 2017.

Data Sources

- http://www.kirotv.com/news/news/seattle-motel-vouchers-offer-temporary-living-high/nbx9q/
- Seattle Human Services Department
- Department of Commerce

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1988
Primary Beneficiaries:	The local jurisdictions and nonprofit organizations that purchase the hotel vouchers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2012

82.08.031; 82.12.031 - Artistic and cultural organizations

Description

Artistic or cultural organizations are exempt from retail sales and use tax on purchases of items acquired for purposes of exhibition or presentation to the general public. These items include objects of art, items with cultural value, objects used to create art (other than tools), and items used in displaying art and presenting cultural presentations and performances.

Purpose

To support these organizations and the social benefits they provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.940	$2.050	$2.150	$2.260
Local Taxes	$0.721	$0.759	$0.798	$0.836

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.880	$2.150	$2.260
Local Taxes	$0.000	$0.630	$0.798	$0.836

Assumptions

- Growth in Arts and cultural purchases will mirror retail sales growth.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit art and cultural organizations
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.0315; 82.12.0315 - Film and video production equipment or services

Description

Materials and supplies used directly in packing fresh, perishable horticultural products are exempt from retail sales and use tax (RCW 82.04.4287).

Purpose

To support the agricultural industry. The exemption complements the B&O tax deduction for processors of fresh horticultural products.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.513	$0.549	$0.587	$0.628
Local Taxes	$0.138	$0.147	$0.158	$0.169

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.503	$0.587	$0.628
Local Taxes	$0.000	$0.123	$0.158	$0.169

Assumptions

- 7 percent growth due to variability in production value.
- The cost of packaging materials equals 0.25 percent of production value.

Data Sources

- United States Department of Agriculture, Census of Agriculture
- 2013 Washington Annual Agriculture Bulletin

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1988
Primary Beneficiaries:	Fruit and vegetable packers
Taxpayer Count:	70
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0316; 82.12.0316 - Cigarettes, tribal contracts

Description

Sales of cigarettes by Indian retailers are exempt from retail sales and use tax if their tribes have entered into a cigarette tax contract with the state of Washington.

Purpose

Cigarette contracts between the state and Indian tribes are intended to provide consistency in the regulation and taxation of cigarettes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.300	$16.300	$16.300	$16.300
Local Taxes	$6.300	$6.300	$6.300	$6.300

Repeal of exemption

Repealing this exemption would not increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repeal of this exemption would not increase revenues.

Data Sources

Department of Revenue tribal cigarette sales data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	State, local and tribal governments
Taxpayer Count:	Not applicable
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.08.032; 82.12.032 - Used park-model trailers

Description

The sale, rental, or lease, in excess of 30 days, of a used park-model trailer, is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used park-model trailers and residential real estate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.289	$0.303	$0.314	$0.324
Local Taxes	$0.110	$0.115	$0.119	$0.123

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.278	$0.314	$0.324
Local Taxes	$0.000	$0.106	$0.119	$0.123

Assumptions

- If this exemption were repealed the applicability of the Real Estate Excise Tax (REET) to these transactions would likely be addressed as well.
- For the purpose of this estimate an elimination of REET is not considered.
- Business and Occupation (B&O) tax implication not considered in this estimate.
- Eleven months of cash collections in Fiscal Year 2017, and twelve months in all subsequent years.
- Growth in total value of sold and rented mobile homes will mirror the forecasted growth rate of REET.

Data Sources

- National Association of Realtors
- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2001
Primary Beneficiaries:	Purchasers of park model trailers
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.033; 82.12.033 - Used mobile homes

Description

The sale, rental, or lease, in excess of 30 days, of a used mobile home attached to the land, is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used mobile homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.527	$3.708	$3.835	$3.964
Local Taxes	$1.340	$1.409	$1.457	$1.506

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.398	$3.835	$3.964
Local Taxes	$0.000	$1.291	$1.457	$1.506

Assumptions

- If this exemption were repealed the applicability of the Real Estate Excise Tax (REET) to these transactions would likely be addressed as well.
- For the purpose of this estimate an elimination of REET is not estimated.
- Business and Occupation (B&O) tax implication not considered in this estimate.
- Growth in total value of sold and rented mobile homes will mirror the forecasted growth rate of REET.
- Little data exists on mobile home rental units. Assumed average rental price is exclusive of rental price of land.
- Eleven months of cash collections in Fiscal Year 2017.
- Twelve months in all subsequent years.

Data Sources

- Zillow.com
- National Association of Realtors
- Washington State Economic and Revenue Forecast Council, February 2015 forecast

Continued

82.08.033; 82.12.033 - Used mobile homes

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1979
Primary Beneficiaries:	Long-term renters and purchasers of used mobile homes
Taxpayer Count:	7,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.034; 82.12.034 - Used floating homes

Description

The sale, rental or lease, in excess of 30 days, of a used floating home as defined in RCW 82.45.032 is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used floating homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.373	$0.392	$0.406	$0.419
Local Taxes	$0.161	$0.169	$0.175	$0.180

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.360	$0.406	$0.419
Local Taxes	$0.000	$0.155	$0.175	$0.180

Assumptions

- The expiration of this exemption would likely coincide with the elimination of Real Estate Excise Tax (REET) for sales of floating homes. Consideration of that is beyond the scope of this estimate.
- Annual growth rates are the same as the REET growth rate provided by the Economic & Revenue Forecast Council.
- REET growth rate was used as opposed to retail sales because the sales of floating homes is more closely aligned with the sales of residential real estate than it is with general retail sales.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Zillow.com
- Economic & Revenue Forecast Council - February 2015 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Purchasers of floating homes
Taxpayer Count:	Approximately 10 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.08.036; 82.12.038 - Core deposits & tire fees

Description

The value of returnable products such as batteries, starters, and brakes accepted by vendors for recycling or remanufacturing in a retail or wholesale sale is exempt from retail sales and use taxes. The $1.00 tire assessment imposed under RCW 70.95.510 is also exempt from sales and use taxes.

Purpose

Items returned for recycling or remanufacturing are also exempt as trade-ins, so this exemption in not needed. The exemption for the tire fee assures that sales tax is not charged on another tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Core deposits charges are trade-ins and are already exempt.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.037; 82.12.037 - Bad debts

Description

A seller may take a credit or refund on sales tax previously paid on “bad debts”. A “bad debt” is a debt that is not collectable. Only the original seller may claim a credit or refund; claims are not assignable to third parties.

Purpose

To limit a seller's tax liability on sales for which the seller does not receive payment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$6.538	$6.736	$6.940	$7.150
Local Taxes	$2.484	$2.559	$2.637	$2.717

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.175	$6.940	$7.150
Local Taxes	$0.000	$2.346	$2.637	$2.717

Assumptions

- Bad debt claims can now be taken only by the original seller, they cannot be assigned or assumed by third parties (e.g. banks who purchase the receivables.)
- July 1, 2016 effective date results in 11 months of cash collections for Fiscal Year 2017.
- Growth rate mirrors the growth rate of sales tax collections reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- The average local tax rate is 2.47 percent.

Data Sources

- Department of Revenue tax return data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1982
Primary Beneficiaries:	Businesses that collect and remit sales tax
Taxpayer Count:	3,500
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.050(11); 82.12.040(5) - Sellers with limited Washington connection

Description

Sellers with a limited connection to this state are exempt from the requirement to collect retail sales tax. Specifically, this exemption from the duty to collect sales tax applies to a seller if its activities in Washington, whether conducted directly or through another person, are limited to:

- Storage, dissemination, or display of advertising,
- Taking orders, or
- Processing payments.

The seller's activities must be conducted electronically from a website on a server or other computer equipment located in Washington that is not owned or operated by the seller or by an affiliated person.

This exemption expires when (a) The United States congress grants states the authority to impose sales and use tax collection duties on remote sellers; or (b) a court, in a judgment not subject to review, determines that a state can impose sales and use tax collection duties on remote sellers.

Purpose

At the time this exemption was enacted, such sales were not taxable due to the federal Internet Tax Freedom Act (ITFA), which has been extended and is currently in effect. This exemption was enacted in case the ITFA is not in effect.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption could possibly increase revenues if the current federal moratorium (commonly known as the Internet Freedom Act) prohibiting state and local governments from imposing multiple or discriminatory taxes on electronic commerce is also allowed to expire. This moratorium is currently scheduled to expire on December 11, 2015.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The impact is zero assuming the Internet Tax Freedom Act will be extended past December 11, 2015.

Continued

82.08.050(11); 82.12.040(5) - Sellers with limited Washington connection

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Sellers with a limited connection to this state
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.080 - Vending machine sales

Description

The selling price for calculating the retail sales tax on sales of tangible personal property made through a vending machine is 60 percent of the gross receipts of the total sales made through the machine.

Purpose

To clarify and ease the calculation of retail sales tax on items sold through a vending machine at a fixed price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.930	$0.930	$0.930	$0.930
Local Taxes	$0.353	$0.353	$0.353	$0.353

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.853	$0.930	$0.930
Local Taxes	$0.000	$0.294	$0.353	$0.353

Assumptions

- Used deduction data for line 1, deduction 22 for vending machine operators (NAIC 454210).
- Adjusted for venders who did not take the deduction.
- Assume vending sales will remain constant so no growth.

Data Sources

- Department of Revenue excise tax data
- United States Census data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Operators of vending machines
Taxpayer Count:	350
Program Inconsistency:	None
JLARC Review:	JLARC did an expedited review in 2014

82.08.200; 82.12.200 - Honey Beekeepers Feed

Description

Eligible beekeepers that raise bee colonies to make honey bee products are exempt from paying retail sales and use tax on purchases or use of bee feed. To qualify for this exemption, the buyer must provide the seller with an exemption certificate, as required by the Department. This exemption expires on July 1, 2017.

Purpose

To extend the tax preferences passed by the Legislature in 2008 and renewed in 2013 to assist the apiary industry while it confronts colony collapse disorder.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.061	$0.061	$0.061	$0.061
Local Taxes	$0.010	$0.010	$0.010	$0.010

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.056	$0.061	$0.061
Local Taxes	$0.000	$0.008	$0.010	$0.010

Continued

82.08.200; 82.12.200 - Honey Beekeepers Feed

Assumptions

- There are approximately 300 apiarists and bee brokers that are registered with the Department of Agriculture.
- Under ideal conditions, honey bees should not have to be fed.
  - Similar to most agricultural crops, apiarists have good years and bad years and during bad years it is necessary to feed honey bees.
  - Newly established hives also require feed.
- There are commercial bee feeds and some apiarists use a sugar/water syrup solution.
- Half of the registered bee hives, approximately 37,800 hives would require apiarists to purchase bee feed to sustain the colonies.
- The average apiarist spends $25 on bee feed a year per deficient hive.
- Apiarists spend an average of $945,000 per year to feed bee colonies.
- Many factors can affect the health of bee colonies and beekeeping is a small, specialized industry so there will be no overall growth in revenue loss.

Data Sources

- http://westmtnapiary.com/bee_diet.html
- http://www.agf.gov.bc.ca/apiculture/factsheets/410_nutrition.htm
- Department of Agriculture Apiarist list of registered hives

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2013
Primary Beneficiaries:	Registered Apiarists
Taxpayer Count:	50
Program Inconsistency:	None
JLARC Review:	Excluded from JLARC review

82.08.205; 82.12.205 - Clay Targets

Description

Clay targets purchased by nonprofit gun clubs are exempt from retail sales and use tax when the targets are used in providing the activity of clay target shooting for a fee. The exemption expires July 1, 2017.

Purpose

To provide a temporary exemption from retail sales and use tax on a business consumable.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.016	$0.017	$0.000	$0.000
Local Taxes	$0.006	$0.007	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.016	$0.001	$0.000
Local Taxes	$0.000	$0.006	$0.001	$0.000

Assumptions

- All taxpayers using this exemption are properly reporting as a deduction on their excise tax returns and not just excluding from gross income.
- Annual growth rates are the same as the retail sales growth rate provided by the Economic & Revenue Forecast Council.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- June 30, 2017 expiration date, with one month of collections in Fiscal Year 2018.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council - February 2015 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Nonprofit gun clubs
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.207; 82.12.207 - Standard Financial Information

Description

Qualifying international investment management service companies (IIMS) are exempt from sales and use taxes when they purchase or use standard financial information. The purchases are exempt regardless of how the information is transmitted to the buyer:

- digital download,
- over the Internet, or
- tangible media such as a disc or via paper.

A buyer may claim the exemption on no more than $15 million in purchases per calendar year. This exemption expires July 1, 2021.

Purpose

To exempt certain standard financial information, purchased by international investment management companies, from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.550	$0.609	$0.673	$0.742
Local Taxes	$0.209	$0.231	$0.255	$0.281

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.558	$0.673	$0.742
Local Taxes	$0.000	$0.212	$0.255	$0.281

Assumptions

- The purchase of standard financial information is assumed to be related to the number of research employees and the intensity of research.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

- Department of Revenue excise tax data
- Employment Security employment data for IIMS firms.
- Financial and other reports for total U.S. and worldwide employment.
- United States Census Bureau's "E-Stats" table for services in 2012 and 2013 and in earlier years.

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	International investment management firms
Taxpayer Count:	140
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.08.210; 82.12.210 - Flavor imparters - Restaurants

Description

Restaurants are exempt from the sales and use tax for products used for flavoring that are completely or substantially consumed by combustion during the cooking process, such as wood chips, charcoal, charcoal briquettes, and grape vines. Products that support the food during the cooking process and are comprised entirely of wood, such as cedar grilling planks are also exempt. The exemption does not apply to any gas fuels. This exemption expires July 1, 2017.

Purpose

To provide a temporary exemption from retail sales and use tax on a business consumable.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.056	$0.560	$0.000	$0.000
Local Taxes	$0.021	$0.021	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.051	$0.005	$0.000
Local Taxes	$0.000	$0.019	$0.002	$0.000

Assumptions

- This exemption is set to expire July 1, 2017.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- July 1, 2017 expiration date, with 1 month of collections in Fiscal Year 2018.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	Restaurants
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.215; 82.12.215 - Nonresident Large Private Airplanes

Description

Sales of large private airplanes to nonresidents are exempt from retail sales and use tax when the airplanes are not required to be registered with the department of transportation under chapter 47.68 RCW. The exemption also applies to charges made for repairing, cleaning, altering or improving large private airplanes owned by nonresidents. This exemption expires July 1, 2021.

Purpose

To encourage nonresidents to utilize Washington businesses for the purchase, maintenance and repair of large airplanes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.625	$1.625	$1.625	$1.625
Local Taxes	$0.618	$0.618	$0.618	$0.618

Repeal of exemption

Repealing this exemption would lead to a small increase in revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.490	$1.625	$1.625
Local Taxes	$0.000	$0.566	$0.618	$0.618

Assumptions

Five planes will be modified over ten years with the cost for all five modifications totaling $250,000,000.

Data Sources

- Department of Revenue audit data
- Department of Revenue excise tax data
- Industry sources

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2013
Primary Beneficiaries:	Taxpayers who modify large planes
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC is scheduled to review in 2016

82.08.220; 82.12.220 - Fuel Used by Mint Growers

Description

Mint grower purchases of liquid propane and natural gas used to distill mint on a farm are exempt from sales and use tax. This exemption expires July 1, 2017.

Purpose

To incentivize Washington's mint growers to transition from the use of diesel to cleaner burning fuels while distilling mint on a farm.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.160	$0.160	$0.000	$0.000
Local Taxes	$0.061	$0.061	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.147	$0.013	$0.000
Local Taxes	$0.000	$0.056	$0.005	$0.000

Continued

82.08.220; 82.12.220 - Fuel Used by Mint Growers

Assumptions

- Approximately 33,000 mint acreage harvested in 2013.
- 50 percent of mint harvested is initially distilled with propane or natural gas.
- Uses 57 gallons pf propane to distill one acre of mint into oil.
- Average price of $2.75 per gallon for propane.
- The mint industry tends to fluctuate from year to year, so it is assumed there is no annual growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- July 1, 2017 expiration date, with 1 month of collections in Fiscal Year 2018.

Data Sources

- United States Agricultural Census
- Farwest Spearmint http://www.farwestspearmint.org/handlers.htm
- "Mint Oil Energy Consumption, Energy Use Efficiency and Distillation Processes - A Review of Essential Oil Extraction Technologies" A Study done by University of Wisconsin-Madison August, 2011
- Distillation data from Washington Mint Commission

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2013
Primary Beneficiaries:	Mint growers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.700; 82.12.700 - Boats sold to nonresidents - in-state use permit

Description

A retail sales and use tax exemption is provided for sales to a nonresident of vessels at least 30 feet in length from a Washington dealer if the purchaser displays a valid use permit. The purchaser must make an irrevocable election to take the exemption authorized under this statute or the exemption in either RCWs 82.08.0266 or 82.08.02665. The permit issued under this statute is valid for 12 consecutive months from the date of issuance and is not renewable.

Purpose

To increase the time that a boat owned by a nonresident can remain in Washington waters. This helps to encourage purchases of new boats from Washington dealers and also increases tourism.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.743	$0.791	$0.844	$0.886
Local Taxes	$0.289	$0.307	$0.328	$0.343

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.742	$0.844	$0.886
Local Taxes	$0.000	$0.282	$0.328	$0.343

Assumptions

- Average number of permits issued each year is 33, based on 2010-2013 data.
- The growth rate will mirror the Real Nonresidential Fixed Investment growth rate reflected in the February 2105 economic forecast.
- The permit fee will offset some of the tax savings recognized by the taxpayer.
- Average vessel value is approximately $300,000.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Data
- Economic & Revenue Forecast Council February 2015 Forecast

Continued

82.08.700; 82.12.700 - Boats sold to nonresidents - in-state use permit

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Nonresident Boat Owners
Taxpayer Count:	33
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2021

82.08.803; 82.12.803 - Nebulizers

Description

A nebulizer is a device that converts a liquid medication into a mist that the patient inhales. Nebulizers prescribed for human use by a physician are exempt from retail sales and use tax. The exemption includes repair and replacement parts for nebulizers, as well as labor and service charges for cleaning, repairing, etc. Sellers must collect the sales tax, and the buyer must apply to the Department of Revenue for a refund.

Purpose

Reduces the cost of nebulizers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.450	$0.450	$0.450	$0.450
Local Taxes	$0.171	$0.171	$0.171	$0.171

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.413	$0.450	$0.450
Local Taxes	$0.000	$0.157	$0.171	$0.171

Assumptions

- Growth will be zero.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Home Care Magazine. Brook Raflo
  http://homecaremag.com/mag/medical_stemming_tide/
  Downloaded July, 2011

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Persons who use prescribed nebulizers
Taxpayer Count:	42,891
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.804; 82.12.804 - Ostomic items

Description

Ostomic items used by colostomy, ileostomy or urostomy patients are exempt from retail sales and use tax. Ostomic items refer to disposable medical supplies such as bags, belts, tape, tubes, soap, jellies, germicides, etc. The exemption does not extend to undergarments, pads or shields, sponges or rubber sheets.

Purpose

Reduces the cost of ostomic items.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.281	$0.281	$0.281	$0.281
Local Taxes	$0.107	$0.107	$0.107	$0.107

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.257	$0.281	$0.281
Local Taxes	$0.000	$0.098	$0.107	$0.107

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- No growth.

Data Sources

Washington State Department of Social and Health Services

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Colostomy, ileostomy or urostomy patients
Taxpayer Count:	11,073
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.805; 82.12.805 - Aluminum smelter purchases

Description

Personal property used at an aluminum smelter, tangible personal property incorporated into buildings or other structures at an aluminum smelter, and labor and services rendered with respect to such personal property, buildings, and structures are exempt from the state portion of retail sales and use tax. The exemption is taken in the form of a B&O tax credit. This exemption expires on January 1, 2027.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Aluminum manufacturing companies
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.806; 82.12.806 - Computer equipment for printers and publishers

Description

Purchases of computer equipment and software used primarily in the printing and publishing of all printed materials, and including installation and other related services, are exempt from retail sales and use taxes. Digital cameras are also exempted, but not computers and software used primarily for administrative purposes.

Purpose

To provide a tax incentive for the printing and publishing industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.590	$0.598	$0.606	$0.614
Local Taxes	$0.224	$0.227	$0.230	$0.233

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.548	$0.606	$0.614
Local Taxes	$0.000	$0.208	$0.230	$0.233

Assumptions

- The average annual growth rate for printing activities, and thus for the purchase of exempt computers, software, etc., is 1.3 percent.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Commodity demand and commodity production reports, for the six relevant printing, NAICS from the 2015 Implan model for Washington State
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Newspapers and other printers and publishers
Taxpayer Count:	600
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.807; 82.12.807 - Direct mail delivery charges

Description

Delivery charges made for direct mail are exempt from retail sales and use tax if the charges are stated separately on the bill given to the purchaser. Direct mail refers to printed material delivered without charge to a mass audience or a mailing list provided by the purchaser.

Purpose

To exempt from taxation delivery charges (postage) for direct mail.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.251	$0.265	$0.278	$0.290
Local Taxes	$0.000	$0.101	$0.106	$0.110

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.242	$0.278	$0.290
Local Taxes	$0.000	$0.092	$0.106	$0.110

Assumptions

- Retail sales growth rate forecast is used for this estimate.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Large mailing customers have their own mailing permits and therefore would not be purchasing the postage part of mailing services.
- Large direct mailers service large firms and those direct mailers with annual gross income over $750,000 would not be selling the postage part of mailing services.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Direct mailers paying for delivery
Taxpayer Count:	130
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.808; 82.12.808 - Comprehensive cancer centers

Description

Sales of medical supplies, chemicals, or materials to a comprehensive cancer center are exempt from retail sales and use taxes. The exemption does not extend to construction, office equipment, building equipment, administrative supplies or vehicles.

Purpose

To encourage cancer research by a comprehensive cancer center as defined in RCW 82.04.4265.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Comprehensive cancer centers
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.809; 82.12.809 - Alternative fuel vehicles

Description

Retail sales and use tax does not apply to sales of new passenger cars, light duty trucks, and medium duty vehicles which are powered exclusively by a clean alternative fuel defined as natural gas, propane, hydrogen or electricity. The exemption was broadened to include vehicles that use at least one method of propulsion that is capable of being recharged from an external source of electricity and are capable of traveling at least thirty miles using only battery power. Vehicles with a selling price plus trade-in value of more than $35,000 are not exempt from the sales or use tax.

Leased vehicles also qualify for the exemption as follows:
- For lease agreements signed on or after the effective date of this section, lease payments are exempt if the fair market value of the vehicle is $35,000 or less at the inception of the lease.
- For lease agreements signed before the effective date of this section, lease payments are exempt regardless of the fair market value of the vehicle at the inception of the lease.

This exemption expires July 1, 2019.

Purpose

To encourage the sale of alternative fuel vehicles.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.348	$4.018	$4.419	$4.862
Local Taxes	$1.074	$1.418	$1.560	$1.716

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.689	$4.419	$4.862
Local Taxes	$0.000	$1.300	$1.560	$1.716

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Industry sources

Continued

82.08.809; 82.12.809 - Alternative fuel vehicles

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2005
Primary Beneficiaries:	Firms that sell, and customers that purchase alternative fuel vehicles
Taxpayer Count:	3,500
Program Inconsistency:	None evident.
JLARC Review:	JLARC completed an expedited review in 2013

82.08.810; 82.12.810 - Air pollution control facilities

Description

Construction of air pollution control facilities at a thermal electric generating facility placed in operation after 1969 and before July 1, 1975 is exempt from retail sales and use tax. The exemption is contingent upon production levels for the plant maintained above the 20 percent annual capacity factor between 2002 and 2023. All or a portion of the tax previously exempted must be repaid if production falls below this level.

Purpose

To encourage installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption will increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The Centralia Steam Plant facility will cease burning coal by 2025.
- No additional equipment purchases anticipated.

Data Sources

- None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	The Centralia thermal generating plant
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.811; 82.12.811 - Coal for thermal generating plants

Description

Purchases of coal used at a thermal electric generating facility placed in operation after December 3, 1969, and before July 1, 1995, are exempt from retail sales and use tax. The exemption is contingent upon the following:

- Owners of the plant demonstrate to the Department of Ecology that progress is being made to install the necessary air pollution control devices, and
- The facility has emitted no more than 10,000 tons of sulfur dioxide during the previous 12 months.

Purpose

To encourage installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- The price of delivered coal is $20.00 per ton.

Data Sources

- Sources: EIA-923 and EIA-860 Reports for 2013.
- EIA-923 Monthly Generation and Fuel Consumption Time Series File, 2013 December

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	The Centralia thermal generating plant
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.816; 82.12.816 - Electric vehicle battery charging stations

Description

Sales of electric vehicle batteries and infrastructure are exempt from retail sales and use tax. This exemption expires January 1, 2020. The exemption is available on the sale of or charge made for:

- Batteries for electric vehicles.
- Labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries.
- Labor and services rendered in respect to installing, constructing, repairing, or improving electric vehicle infrastructure.
- Tangible personal property that will become a component of electric vehicle infrastructure during the course of installing, constructing, repairing, or improving electric vehicle infrastructure.

Purpose

To encourage the use of electric vehicles through the sale of electric vehicle batteries and the installation of electric vehicle infrastructure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.175	$0.175	$0.175	$0.175
Local Taxes	$0.065	$0.065	$0.065	$0.065

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.160	$0.175	$0.175
Local Taxes	$0.000	$0.060	$0.065	$0.065

Assumptions

Assume that 110 recharging facilities are constructed annually at a cost of $24,000.

Data Sources

United States Department of Energy

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Owners of electric vehicles
Taxpayer Count:	5,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.820; 82.12.820 - Warehouses and grain elevators more than 200,000 square feet

Description

Certain warehouses and grain elevators are eligible for an exemption in the form of a remittance of the state retail sales and use tax paid on purchases of machinery and on materials and labor for construction of these facilities. The remittance does not include local sales and use taxes.

Warehouses that are more than 200,000 square feet in size receive an exemption equal to:

- 100 percent of the state retail sales and use taxes paid on construction, and
- 50 percent of the state retail sales and use taxes paid on equipment, including materials handling and racking equipment.

Grain elevators receive an exemption of state retail sales and use taxes paid based on capacity of the facility:

- 50 percent exemption with bushel capacity of 1 million, but less than 2 million, and
- 100 percent exemption with bushel capacity of 2 million or more.

Purpose

To encourage construction of warehouses and grain elevators in Washington and to increase the competitiveness of the warehouse and distribution industry in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.200	$5.400	$5.600	$5.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.900	$5.600	$5.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax savings (refunds) grow 4 percent a year.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Continued

82.08.820; 82.12.820 - Warehouses and grain elevators more than 200,000 square feet

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Warehouse firms, distribution centers, grain elevators
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.830 - Nonprofit camps and conference centers

Description

Items sold by nonprofit organizations at camps or conference centers are exempt from retail sales tax if:

- The sales takes place on property exempt from the property tax, and
- The income from the sale is exempt from B&O tax.

The exemption covers items such as lodging, parking, food and meals, books, tapes and other products available only to participants of the camp or conference center event and not to the general public.

Purpose

To reduce the cost of operating camps and conference centers and to support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.679	$0.699	$0.720	$0.741
Local Taxes	$0.258	$0.266	$0.274	$0.282

Repeal of exemption

Repealing this exemption would increase state revenues. Nonprofit organizations would collect and remit retail sales tax on items sold at camps and conference centers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.641	$0.720	$0.741
Local Taxes	$0.000	$0.221	$0.274	$0.282

Assumptions

- 70 percent of nonprofit income is from program services.
- 30 percent of nonprofit income comes from camps and conference centers.
- 10 percent of camp and conference income is from bookstore type sales.
- 3 percent growth.

Data Sources

- National Center for Charitable statistics
- American Camp Association http://www.acacamps.org/media/aca-facts-trends

Continued

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1997
Primary Beneficiaries:	Participants at camps and conferences operated by nonprofit organizations
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC did an expedited review in 2014

82.08.832; 82.12.832 - Gun safes

Description

Sales of gun safes are exempt from retail sales and use tax. Gun safes are locked enclosures specifically designed to store firearms. The exemption does not include trigger lock devices.

Purpose

To encourage the purchase and use of gun safes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.400	$0.422	$0.444	$0.463
Local Taxes	$0.152	$0.160	$0.168	$0.176

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.388	$0.444	$0.463
Local Taxes	$0.000	$0.147	$0.168	$0.176

Assumptions

- All taxpayer eligible for this exemption are reporting it correctly on their excise tax return.
- 11 months of cash collections in Fiscal Year 2017, 12 months in all subsequent years.
- Due to the volatility in firearms and firearms related sales and the uncertainty over future social and political developments the growth rate used in this forecast mirrors that of the rate for retail sales.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council, February 2016 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1998
Primary Beneficiaries:	Purchasers of gun safes
Taxpayer Count:	1,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.834; 82.12.834 - Regional Transit Authority Sales and Leasebacks

Description

Lease payments or options to purchase at the conclusion of a lease in conjunction with a sale and leaseback arrangement involving a regional transportation authority (RTA) are exempt from retail sales and use taxes. Qualification requires that the seller/lessee previously paid any tax otherwise due on the original acquisition of the tangible personal property.

Purpose

A sale and leaseback arrangement is a financing mechanism used by the RTA to acquire trains, buses, and transportation facilities. This exemption provides tax relief to the RTA.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The Internal Revenue Service changed its policy and no longer allows investors to write-off depreciation for federal taxes for sale and leaseback arrangements, so the RTA no longer uses this financing mechanism.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This financing mechanism is no longer used.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	Sound Transit and investors involved in a sales and leaseback arrangement
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.850; 82.12.850 - Conifer seedlings exported

Description

Sales of conifer seeds that are immediately placed in freezer storage operated by the seller are exempt from retail sales and use tax if they are used for growing timber:

- Outside of Washington, or
- In Indian country by an Indian tribe.

Purpose

To eliminate the tax disadvantage for Washington conifer seed producers compared with out-of-state producers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.031	$0.031	$0.031	$0.031
Local Taxes	$0.012	$0.012	$0.012	$0.012

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.029	$0.031	$0.031
Local Taxes	$0.000	$0.010	$0.012	$0.012

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Only a handful of businesses are likely to export conifer seedlings.

Data Sources

- www.forestseedlingnetwork.com
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	A small number of Washington vendors of forest seedlings
Taxpayer Count:	5
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.855; 82.12.855 - Farm machinery replacement parts and repair

Description

Replacement parts, including, installation or repair, for farm machinery primarily used in the production of agricultural products are exempt from retail sales and use taxes. The exemption is available to farmers actively engaged in producing agricultural products which resulted in at least $10,000 in gross proceeds in the previous year. Replacement parts do not include consumable supplies such as fuel or oil.

Purpose

Supports the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$25.963	$26.667	$27.390	$28.132
Local Taxes	$6.497	$6.673	$6.853	$7.039

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$24.445	$27.390	$28.132
Local Taxes	$0.000	$6.117	$6.853	$7.039

Assumptions

- Annual growth mirrors the average from 2008-2012 growth per National Agricultural Statistics Service data.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Sixty-six percent of the total expense for Repairs, Supplies and Maintenance costs is the taxable cost of farm machinery replacement parts and cost of repairs.

Data Sources

- 2012 United States Census data
- Washington Annual Agricultural Bulletin: National Agricultural Statistic Service
- Department of Revenue Farming Exemption Certificate data

Continued

82.08.855; 82.12.855 - Farm machinery replacement parts and repair

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Farmers
Taxpayer Count:	4,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.865; 82.12.865 - Fuel used on farms

Description

Sales of diesel fuel, biodiesel fuel or aircraft fuel to a farmer or a person who provides horticulture services for farmers are exempt from retail sales and use taxes. The fuel may not be used on public highways or for heating of water or space for human habitation.

Purpose

Supports Washington farmers who use aircrafts on their farms for crop dusting.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.394	$15.921	$17.311	$19.563
Local Taxes	$3.852	$3.984	$4.331	$4.895

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.594	$17.311	$19.563
Local Taxes	$0.000	$3.652	$4.331	$4.895

Assumptions

- No growth rate for diesel consumption by farmers.
- Price of Washington Retail Diesel Price mirrors the Office of Financial Management forecast.
- Eleven months of collections in Fiscal Year 2018 due to June 30, 2017 expiration date.

Data Sources

- Joint Legislative Audit & Review Committee references
- Office of Financial Management- Forecast of Quarterly Fuel Prices June 2015
- United States Energy Information Administration (EIA) - Washington No 2 Diesel Sales/Deliveries to Farm Consumers
- Department of Revenue Excise Tax Data
- Washington State Department of Transportation Historical Diesel Prices

Continued

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Washington farms or crop dusters that power their farm equipment or aircraft with diesel
Taxpayer Count:	800
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.870; 82.12.845 - Motorcycles used for rider training programs

Description

Retail sales tax does not apply to sales of motorcycles purchased for use in a motorcycle rider-training program conducted by the Department of Licensing (DOL). Use tax does not apply to motorcycles that are loaned to DOL for use in a motorcycle rider-training program, or to persons contracting with DOL to provide such training.

Purpose

Supports motorcycle rider-training programs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.003	$0.003	$0.003	$0.003
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.003	$0.003	$0.003
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- No new motorcycle training schools will open.
- One motorcycle purchase per year per school.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Performance Audit acct had less than $500 therefore is not included in the revenue impact above.

Data Sources

Department of Licensing

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	The Department of Licensing and their contractors who provide motorcycle training
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.875; 82.12.875 - Automotive adaptive equipment

Description

Eligible purchasers of prescribed add-on automotive adaptive equipment, including charges incurred for labor and services rendered in respect to the installation and repairing of such equipment are exempt from retail sales and use tax. The exemption only applies if the eligible purchaser receives a reimbursement in whole or part for the purchase by the United States Department of Veterans Affairs or other federal agency, and the reimbursement is paid directly by that federal agency to the seller. This exemption expires July 1, 2018.

Purpose

To decrease the costs of prescribed add-on automotive adaptive equipment to veterans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	$0.000
Local Taxes	D	D	D	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	purchasers of prescribed add-on automotive adaptive equipment
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.08.880; 82.12.880 - Livestock medicine

Description

Pharmaceuticals used by farmers for livestock are exempt from retail sales and use tax. The United States Department of Agriculture or the United States Food and Drug Administration must approve the drug. The exemption applies to sales made directly to farmers or to veterinarians who in turn administer the medicine to livestock.

Purpose

Supports the agricultural industry by offsetting the high cost of medicines for livestock.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.141	$2.141	$2.141	$2.141
Local Taxes	$0.574	$0.574	$0.574	$0.574

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.962	$2.141	$2.141
Local Taxes	$0.000	$0.527	$0.574	$0.574

Assumptions

- Average for expenditures for medical supplies, veterinary and custom services for livestock is $65.9 million.
- 50 percent of these expenditures are for livestock medicine.
- Used a growth rate of zero percent as survey data shows major fluctuations in growth.
- Eleven months of collections in Fiscal Year 2017 due to the July 1, 2016 effective date.

Data Sources

- United States Department of Agriculture, annual Agricultural Resource Management Survey data
- Department of Revenue local tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Farmers who raise animals for sale
Taxpayer Count:	18,100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.890; 82.12.890 - Livestock nutrient management

Description	Equipment used for livestock nutrient management, including the maintenance and repair of equipment, as well as the installation in a facility, are exempt from retail sales and use tax. The exemption applies to purchases made after the management plan is certified pursuant to the law. The facilities and equipment must be used exclusively for the handling and treatment of livestock manure, including repair and replacement parts for such equipment.

Purpose

To support the Washington dairy industry and livestock feeding operations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.631	$0.631	$0.631	$0.631
Local Taxes	$0.169	$0.169	$0.169	$0.169

Repeal of exemption

Repealing this exemption would increase revenues. Operators of facilities used for livestock nutrient management would pay retail sales and use tax on equipment.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.579	$0.631	$0.631
Local Taxes	$0.000	$0.141	$0.169	$0.169

Assumptions

- There are 480 dairy farms in Washington State located in 29 counties.
- Approximately 80-90 business claim exempt sales to farmers
- Half of the businesses sell exempt nutrient management equipment to dairy farmers.
- About $2 million specifically deducted for livestock nutrient management on 0199 by 9 businesses in FY 2014.
- No growth due to varying data.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Dairies and livestock operations
Taxpayer Count:	480
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.900; 82.12.900 - Anaerobic digesters for dairies

Description

Dairy and livestock owners that build anaerobic digesters that primarily treat manure receive a retail sale and use tax exemption. The exemption covers construction, equipment and installation of the anaerobic digester. A person claiming this exemption must provide an application to the Department.

Purpose

To support the dairy and livestock industry in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.059	$0.059	$0.059	$0.059
Local Taxes	$0.016	$0.016	$0.016	$0.016

Repeal of exemption

Repealing this exemption would increase state revenues. Owners of anaerobic digesters would pay retail sale and use tax on digester construction and repairs.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.055	$0.059	$0.059
Local Taxes	$0.000	$0.013	$0.016	$0.016

Assumptions

- Eight dairy digesters per year.
- No growth due to small number of digesters.
- Fiscal Year 2017 represents 11 months of collections due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Washington Dairies
Taxpayer Count:	8
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.910; 82.12.910 - Gas to heat chicken houses

Description

Poultry farmers are exempt from the retail sales and use tax on the purchases of propane or natural gas used to heat structures that house chickens. The propane or natural gas must exclusively heat structures that exclusively house chickens sold as agricultural products.

Purpose

To support the poultry industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.669	$1.694	$1.662	$1.695
Local Taxes	$0.448	$0.455	$0.456	$0.455

Repeal of exemption

Repealing this exemption would increase state revenues. Poultry farmers would pay sales and use tax on purchases of propane and natural gas to heat chicken houses and barns.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.552	$1.662	$1.695
Local Taxes	$0.000	$0.379	$0.456	$0.455

Assumptions

- Specific data for farmer purchases of propane or natural gas to heat chicken houses is not available.
- Estimate based on gross production value of poultry and eggs.

Data Sources

2012 United States Agriculture census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Poultry producers
Taxpayer Count:	60
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2015

82.08.920; 82.12.920 - Chicken bedding materials

Description

Farmers who raise chickens for sale as agricultural products are exempt from the retail sales and use tax on purchases of chicken bedding materials. Qualifying bedding materials accumulate and facilitate the removal of chicken manure.

Purpose

This exemption supports the poultry industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.408	$0.417	$0.426	$0.434
Local Taxes	$0.110	$0.112	$0.115	$0.116

Repeal of exemption

Repealing this exemption would increase state revenues. Poultry farmers would pay retail sales and use tax on the chicken bedding.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.383	$0.426	$0.434
Local Taxes	$0.000	$0.093	$0.115	$0.116

Assumptions

- The popularity of free range chicken production is on the rise.
- Specific data for farmer purchases of bedding materials for chicken houses is not available.
- Estimate based on gross production value of poultry and eggs.

Data Sources

2012 United States Agriculture Census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Chicken Producers
Taxpayer Count:	60
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2015

82.08.925; 82.12.925 - Dietary supplements

Description

Dietary supplements for human use, dispensed to patients pursuant to a prescription, are exempt from retail sales and use tax.

Purpose

To lessen the cost of prescribed dietary supplements.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.991	$5.091	$5.193	$5.297
Local Taxes	$1.896	$1.934	$1.973	$2.013

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.667	$5.193	$5.296
Local Taxes	$0.000	$1.773	$1.973	$2.013

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- National Institute of Health, Office of Dietary supplements
- Multivitamin/mineral Supplements, Fact Sheet for Health Professionals http://ods.od.nih.gov/factsheets/MVMS-HealthProfessional/ Downloaded May 19, 2015

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons who take dietary supplements
Taxpayer Count:	3,484,085
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.935; 82.12.935 - Drug delivery systems

Description

Disposable devices used to deliver drugs for human use are exempt from retail sales and use tax. This includes single use items such as syringes, tubing and catheters.

Purpose

To reduce the cost of single use drug delivery systems.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.605	$15.605	$15.605	$15.605
Local Taxes	$5.929	$5.929	$5.929	$5.929

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.304	$15.605	$15.605
Local Taxes	$0.000	$5.435	$5.929	$5.929

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- No growth.

Data Sources

Washington State Department of Social and Health Services

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons using disposable devices used to deliver drugs
Taxpayer Count:	1,765,383
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.940; 82.12.940 - Over-the-counter drugs sold by prescription

Description

Over-the-counter drugs for human use are exempt from retail sales and use tax if they are:

- Prescribed directly for patients, or
- Purchased by hospitals or other medical facilities and prescribed to patients.

Purpose

Reduces the cost of over-the-counter drugs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$25.522	$26.416	$27.340	$28.297
Local Taxes	$9.697	$10.036	$10.388	$10.751

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$24.215	$27.340	$28.297
Local Taxes	$0.000	$9.200	$10.388	$10.751

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Annual growth will be 3.5 percent.
- Five percent of the deductions taken in Washington State for prescriptions are for over-the-counter drugs sold by prescription.

Data Sources

- Department of Revenue excise tax return data.
- "Growth in the US Prescription Drug Market Slows", PharmTech.com, downloaded March 6, 2015.

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons using prescribed over-the-counter drugs
Taxpayer Count:	2,055
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.945; 82.12.945 - Kidney dialysis equipment

Description

Kidney dialysis devices for human use are exempt from retail sales and use tax. The exemption includes repair and replacement parts for the equipment.

Purpose

To reduce the cost of dialysis equipment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.144	$3.217	$3.217	$3.217
Local Taxes	$1.195	$1.222	$1.222	$1.222

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.949	$3.217	$3.217
Local Taxes	$0.000	$1.120	$1.222	$1.222

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Assume zero growth after 2017.

Data Sources

Northwest Renal Network

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Hospitals and clinics that purchase kidney dialysis equipment
Taxpayer Count:	2,327
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.950; 82.12.950 - Electricity and steam

Description

This statute specifically exempts electricity and steam from retail sales and use tax.

Note: This exemption does not change the taxability of electricity and steam. The definition of tangible personal property subject to Washington sales and use tax excludes the sale of electricity and steam. The exemption was necessary to bring Washington sales tax law into conformity with the Streamline Sales and Use Tax Agreement.

Purpose

For consistency with the Streamlined Sales and Use Tax Agreement.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This statute is necessary for definitional purposes only.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2003
Primary Beneficiaries:	Purchasers of electricity and steam
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.956; 82.12.956 - Hog fuel used to produce energy

Description

Hog fuel used to produce electricity, steam, heat, or biofuel is exempt from retail sales and use taxes. Hog fuel is wood waste and other wood residuals including forest derived biomass, excluding firewood and wood pellets.

This exemption expires June 30, 2024.

Purpose

To utilize Washington's abundant natural resources to promote diversified renewable energy use.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.592	$0.592	$0.592	$0.592
Local Taxes	$0.219	$0.219	$0.219	$0.219

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.544	$0.592	$0.592
Local Taxes	$0.000	$0.201	$0.219	$0.219

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	The forest products industry.
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.962; 82.12.962 - Renewable energy equipment

Description

A sales and use tax exemption is available for machinery and equipment used directly in generating electricity from wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power. In order to qualify for the exemption, the purchaser must use the machinery and equipment to develop a facility capable of generating at least one thousand watts of electricity. The exemption also includes sales of or charges made for installation labor and services of qualifying machinery and equipment.

From July 1, 2009, through June 30, 2011, qualifying purchases were eligible for a 100 percent exemption. Beginning July 1, 2011, through January 1, 2020, qualifying purchases are eligible for a 75 percent exemption in the form of a refund to the purchaser. The exemption expires January 1, 2020.

Purpose

To support production of renewable energy sources.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.867	$0.676	$0.395	$0.223
Local Taxes	$0.320	$0.250	$0.146	$0.082

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.620	$0.395	$0.223
Local Taxes	$0.000	$0.229	$0.146	$0.082

Assumptions

- No new wind power projects.
- The costs of solar generation continue to exceed those of conventional generation.

Data Sources

- Department of Revenue remittance requests
- Department of Commerce forecast for solar installations

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of renewable energy equipment
Taxpayer Count:	80
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.963; 82.12.863 - Solar energy equipment

Description

Sales of machinery and equipment used directly in generating electricity or producing thermal heat using solar energy are exempt from retail sales and use tax. The exemption also applies to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment. To qualify for the exemption, the system developed using the machinery and equipment must not be capable of generating more than ten kilowatts of electricity or more than three million British thermal units of heat per day. This exemption expires June 30, 2018.

Purpose

To support the use of solar energy.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.856	$2.533	$0.948	$0.000
Local Taxes	$1.424	$0.935	$0.350	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.533	$0.948	$0.000
Local Taxes	$0.000	$0.935	$0.350	$0.000

Assumptions

- The average size of a solar installation is assumed to be 6 kW.
- The average production rate is assumed to 1,100 kWh per kW of installed capacity.

Data Sources

- Department of Revenue renewable energy certifications
- Department of Revenue excise tax data
- Washington Department of Commerce forecast for solar system installations

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of solar energy equipment
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.08.965; 82.12.965 - Semiconductor materials manufacturing after $1 billion investment - construction costs

Description

A retail sales and use tax exemption is available to manufacturers of semiconductor materials who construct new buildings, or parts of new buildings used for qualified manufacturing activities. The exemption is contingent upon commencement of commercial operations by a new semiconductor material fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars.

The investment criterion has not been met, and is unlikely to occur during the forecast period of this study. If the exemption does become effective, it will expire 12 years after the effective date.

Purpose

To retain and attract semiconductor firms in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues if the contingency is met.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Description

An exemption from retail sales and use tax is provided to manufacturers and processors for hire on purchases of gasses and chemicals used to produce semiconductor materials. Manufacturers of silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers also qualify for this exemption. This exemption expires December 1, 2018.

Purpose

Encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.822	$1.856	$1.311	$0.633
Local Taxes	$0.502	$0.511	$0.361	$0.174

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.670	$1.311	$0.633
Local Taxes	$0.000	$0.460	$0.361	$0.174

Assumptions

- July 1, 2016 effective date, with 11 months of impact in Fiscal Year 2017.
- This exemption has somewhat different effects on two different manufacturing sectors, semiconductors and solar energy systems.
- Semiconductor:
  - December 1, 2018 expiration date for the semiconductor industry's exemption with six months of taxpayer savings in Fiscal Year 2019.
  - Growth rate for the semiconductor sector is flat.
- Solar:
  - June 30, 2017 expiration date for the solar industry's exemption with one month taxpayer savings in Fiscal Year 2018.
- The growth rate for major solar sector firms is 6 percent per year.

Data Sources

Information is from Department of Revenue data sources

Continued

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Taxpayers producing semiconductor materials
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.970; 82.12.970 - Semiconductor materials manufacturing after $1 billion investment - gases and chemicals

Description

Manufacturers and processors for hire of semiconductor materials are exempt from retail sales and use tax on purchases of gasses and chemicals used in the manufacturing process. The exemption is contingent upon commencement of commercial operations by a new semiconductor microchip fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars. The exemption expires 12 years after the effective date.
This tax incentive does not have an effective date because the required investment has not occurred.

Purpose

Encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues, assuming the exemption becomes effective.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.975; 82.12.975 - Airplane pre-production computer expenditures

Description

Computer hardware, peripherals, and software used primarily to develop, design, or engineer aerospace products or provide aerospace services, are exempt from retail sales and use tax. A charge for labor and services rendered in respect to the installation of the equipment is also exempt. This exemption expires July 1, 2040.

Purpose

Encourages the development and engineering of commercial airplanes in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.262	$4.591	$4.850	$5.120
Local Taxes	$1.620	$1.745	$1.843	$1.945

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.209	$4.850	$5.120
Local Taxes	$0.000	$1.599	$1.843	$1.945

Assumptions

- The growth rate used is the "industrial production index for aerospace products and parts" from the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of commercial aircraft and components
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.980; 82.12.980 - Commercial airplane facilities on port district property

Description

The construction of facilities to be used primarily to manufacture commercial airplanes is exempt from retail sales and use taxes. The facility may be used to:

- Manufacture commercial airplane fuselages or wings, or
- Store raw materials and finished products.

Sales of tangible personal property that will be incorporated into such facilities and labor and services used in the construction and installation of component tangible personal property are also exempt from retail sales and use taxes. This exemption expires July 1, 2040.

Purpose

To encourage the building of commercial aircraft assembly facilities in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This exemption affects less than three taxpayers and any impacts are confidential.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Owners of facilities producing commercial airplanes
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.983; 82.12.983 - Wax or ceramic materials used to create molds

Description

Sales of wax or ceramic materials used to create molds consumed during the process of creating ferrous and nonferrous investment castings used in industrial applications are exempt from retail sales and use tax. Labor and services used to create patterns and shells used as molds also qualify.

Purpose

To encourage the production of castings in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.292	$0.291	$0.300	$0.310
Local Taxes	$0.111	$0.110	$0.114	$0.118

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.266	$0.300	$0.310
Local Taxes	$0.000	$0.101	$0.114	$0.118

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.

Data Sources

- Department of Revenue taxpayer information
- Economic and Revenue Forecast Council November 2014 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Businesses creating molds
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.985; 82.12.985 - Insulin

Description

Insulin for use by humans is exempt from retail sales and use tax.

Purpose

To reduce the cost of insulin.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$13.298	$13.564	$13.835	$14.112
Local Taxes	$5.052	$5.153	$5.257	$5.362

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$12.434	$13.835	$14.112
Local Taxes	$0.000	$4.724	$5.257	$5.362

Assumptions

- Growth of 2 percent per year.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- IMS Institute for Healthcare Informatics. The Use of Medicines in the United States: Review of 2011
- https://www.imshealth.com/ims/Global/Content/Insights/IMS%20Institute%20for%20Healthcare%20Informatics/IHII_Medicines_in_U.S_Report_2011.pdf Downloaded May 20, 2015

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Persons with diabetes
Taxpayer Count:	467,540
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.986; 82.12.986 - Data center equipment and infrastructure

Description

There is a retail sale and use tax exemption on qualified purchases of eligible server equipment and eligible power infrastructure for data centers that are located in a rural county. The exemption also includes charges for labor and services associated with installation of the equipment and power infrastructure.

Requirements to qualify:

- Facility must meet employment and facility size criteria;
- Facility is located in a rural county as defined in RCW 82.14.370; and
- Commencement of construction must occur:
    - After March 31, 2010, and before July 1, 2011; or
    - After March 31, 2012, and before July 1, 2015; or
    - After June 30, 2015, and before July 1, 2025.

For data centers where the commencement of construction occurs between June 30, 2015 and July 1, 2025, the exemption is limited to:

- Eight data centers between July 1, 2015 and July 1, 2019, and
- A total of twelve through July 1, 2025.

Purpose

To promote economic development and maintain the state's leadership in technology. It also provides job growth to local economies in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$45.292	$49.452	$53.613	$34.510
Local Taxes	$12.131	$13.271	$14.387	$9.261

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$45.331	$53.613	$34.510
Local Taxes	$0.000	$12.165	$14.387	$9.261

Continued

82.08.986; 82.12.986 - Data center equipment and infrastructure

Assumptions

For Data Centers for which the commencement of construction occurs:

- After March 31, 2010, and before July 1, 2011; and after March 31, 2012, and before July 1, 2015
  - 33 percent of Average Capacity Filled per Year
  - Equipment cost per year for equipment for each eligible data center (initial and refresh) is $42 million.
  - Equipment replaced every 3 years
  - Equipment to be installed starting Fiscal Year 2011 for original centers
  - Replacement equipment installation begins in Fiscal Year 2014 (3 year life) for original centers
  - Initial equipment installation for second set of data centers starts Fiscal Year 2014
  - Replacement equipment installation for second set starts in Fiscal Year 2017
  - 2010-2011 data center exemption expires April 1, 2018 (10 facilities).
  - 2012-2015 data center exemption expires April 1, 2024 (5 facilities).

- After June 30, 2015, and before July 1, 2025
  - Two new data centers per year will be built through the extended window periods. Construction will be completed on two per year beginning in Fiscal Year 2016, to reach the maximum of eight between July 1, 2015 and July 1, 2019. Then, two will be completed in Fiscal Year 2020 and two in Fiscal Year 2021 to reach the maximum of twelve total.
  - Each data center will be 160,000 square feet in size.
  - Construction of newly approved data centers will complete starting in Fiscal Year 2016.
  - Twenty-five percent of equipment square footage capacity will be filled each year thereafter until full capacity is reached.
  - Equipment costs based upon average data center square footage per application history at $800 per square foot including power infrastructure.

- Eleven month cash collection impact for all data centers in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue Taxpayer Account Administration data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Internet Service Providers
Taxpayer Count:	27
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.990 - Interstate commerce - import and export shipments

Description

Tangible personal property imported to or exported from the United States is exempt from retail sales tax. This clarifies, in state statute, the United States Constitutional prohibition against taxation of interstate commerce. The exemption does not generally apply to property used, processed or handled within the state.

Purpose

Codifies the Department's historical sales tax treatment of imports and exports as reflected in WAC 458-20-193C. This statute provides certainty and clarity concerning taxation of property in the process of international shipment and is not dependent on future court interpretations of the constitutional limitations on the taxation of imports and exports.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would not increase revenues. There are other statutes in this section which also address certain aspects of the issue of imports and exports, particularly RCW 82.08.0254 - the catch-all exemption for constitutionally prohibited activities. Traditionally these statues showed the impacts relating to import and export shipments.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Any impact the repeal of this statute may have is minimal and indeterminate.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	2007
Primary Beneficiaries:	Firms engaged in international trade that ship products across Washington's borders
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.995; 82.12.995 - Public authority sales

Description

Tangible personal property and services provided by a public corporation, commission, or authority are exempt from retail sales and use tax when sold to:

- A limited liability company in which the public corporation is the managing member;
- A limited partnership in which the public corporation is the general partner; or
- A single-asset entity required by a federal, state or local housing assistance program and directly or indirectly controlled by the public corporation.

Purpose

Minimizes the tax burden for companies receiving federal grants for low-income housing authorities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.002	$0.002	$0.002	$0.002
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.002	$0.002	$0.002
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- Growth rate mirrors the retail sales tax growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Capitol Hill Housing Improvement Program
- Pike Place Market Preservation Development Authority
- Economic & Revenue Forecast Council, February 2015 Forecast

Continued

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	Public Development Authorities
Taxpayer Count:	Fewer than 10
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.997 - Temporary medical housing

Description

Sales of temporary medical housing provided by health and social welfare organizations are exempt from retail sales and use tax.

Purpose

Reduces the cost of temporary housing for patients and their families while undergoing medical treatment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.138	$0.141	$0.144	$0.147
Local Taxes	$0.070	$0.071	$0.072	$0.073

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.121	$0.144	$0.147
Local Taxes	$0.000	$0.059	$0.072	$0.073

Assumptions

- Current facilities in operation:
  - Ronald McDonald Houses (Seattle and Spokane),
  - Sunshine House,
  - Our House, Inn @ Cherry Hill,
  - Transplant House,
  - Tree House,
  - Pete Gross House,
  - Faye's House
- Guild house no longer offers housing.
- Fisher House and Parents Apartments do not charge any fee.
- Transplant House rents by the month not night, Pete Gross House rents by month and night.
- 2 percent growth per year.

Data Sources

- National Association of Hospital Hospitality Houses Incorporated
- Department of Revenue data

Continued

82.08.997 - Temporary medical housing

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2008
Primary Beneficiaries:	Persons seeking medical treatment away from their homes
Taxpayer Count:	10
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2019

82.08.998; 82.12.998 - Residential weatherization

Description

Sales and use tax does not apply to tangible personal property used in the weatherization of a residence under the low-income residential weatherization program, chapter 70.164 RCW. The exemption only applies to tangible personal property that becomes a component of the residence. Examples of qualifying weatherization materials include, but are not limited to, insulation and sealants, heating and cooling equipment, supplies used to seal and repair ducts. Charges for labor and services used to install these materials are subject to sales tax and use tax.

Purpose

To lower the cost of weatherization improvements so more low income households receive assistance under the Department of Commerce's weatherization program.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.322	$0.335	$0.348	$0.362
Local Taxes	$0.129	$0.134	$0.139	$0.145

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.307	$0.348	$0.362
Local Taxes	$0.000	$0.123	$0.139	$0.145

Assumptions

- Materials equal 25 percent of spending on weatherization.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington Department of Commerce

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Low income residents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.999; 82.12.999 - Joint municipal utility authority

Description

Sales or transfers made between joint municipal utility service authorities and any of its members are exempt from sales and use taxes. A joint municipal utility authority is a municipal corporation formed to better facilitate the joint provision of municipal utility services to the public.

Purpose

To clarify the law and to facilitate the ability of local government utilities to jointly plan, finance, construct, acquire, maintain, operate, and provide facilities and utility services to the public, and to reduce costs and improve the benefits, efficiency, and quality of utility services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption is unlikely to result in substantial tax revenues because these entities are already exempt, with the possible exception of tribal participants in some circumstances.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is confidential because this exemption affects less than three taxpayers.

Data Sources

- Department of Revenue data sources
- The Washington State Attorney General's Office
- The Washington State Secretary of State's Office
- Various public sector water officials

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Less than three existing governmental water consortiums
Taxpayer Count:	2
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.9995; 82.12.9995 - Restaurant employee meals

Description

Meals provided to employees of restaurants without specific charge are exempt from retail sales and use tax.

Purpose

To resolve a long-standing issue regarding the application of retail sales and use tax law and to make administration of the sales tax easier for restaurants and the Department.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.752	$2.902	$3.044	$3.175
Local Taxes	$1.046	$1.103	$1.157	$1.206

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.346	$0.396	$0.413
Local Taxes	$0.000	$0.131	$0.150	$0.157

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Compliance of 13 percent revenue collections in all fiscal years.

Data Sources

- United States Bureau of Labor Statistics. May 2013 State Occupational Employment and Wage Estimates
- Washington, Food Preparation and Serving Related Occupations, Occupation code 35-0000
- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2011
Primary Beneficiaries:	Restaurant owners and their employees
Taxpayer Count:	32,897
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.08.9996; 82.12.9996 - Vessel deconstruction

Description

The retail sales and use tax does not apply to sales of vessel deconstruction performed at a qualified vessel deconstruction facility or at an area over water that has been permitted under section 402 of the clean water act of 1972 for vessel deconstruction.

Purpose

To decrease the number of abandoned and derelict vessels in Washington by lowering the cost of deconstruction.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.053	$0.053	$0.053	$0.053
Local Taxes	$0.020	$0.020	$0.020	$0.020

Repeal of exemption

Repealing this sales and use tax exemption would increase state revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.048	$0.053	$0.053
Local Taxes	$0.000	$0.018	$0.020	$0.020

Assumptions

- Amounts to remain constant each year.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Natural Resources Vessel Disposal Costs 2011-2013

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2014
Primary Beneficiaries:	State of Washington, Vessel Deconstruction Businesses
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	Scheduled for review in 2017

82.12.010(7, c) - Use tax on rental value

Description

An out-of-state business that brings property into this state for temporary business use (less than 180 days during a 365 consecutive day period) may compute use tax based on an amount representing the reasonable rental value of the item, rather than the total market value. The usual measure of the use tax is the purchase price or the fair market value at the time of the first use in Washington.

Purpose

To encourage out-of-state firms to do business in Washington by allowing them to use equipment in this state on a temporary basis without incurring use tax liability on the full market value.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.035	$1.086	$1.142	$1.190
Local Taxes	$0.380	$0.400	$0.420	$0.440

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.996	$1.142	$1.190
Local Taxes	$0.000	$0.368	$0.420	$0.440

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Ninety days is the average use in Washington State.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Out-of-state firms with contracts in Washington
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.12.0251 - Nonresidents' personal property

Description

Use tax does not apply to tangible personal property brought into Washington by a nonresident for temporary use or enjoyment, so long as the item is not used in conducting a non-transitory business activity. This exemption also applies to the use of a motor vehicle that is registered in another state if the vehicle is not required to be registered in Washington and the use of household goods, personal effects and private motor vehicles (excluding motor homes) by residents of Washington (and nonresident military personnel who are stationed in Washington), if the items were acquired and used while the owner was a resident of another state at least 90 days before entering this state.

Purpose

To encourage tourism in Washington and to avoid penalizing new residents of Washington by subjecting previously owned items to use tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1,125.896	$1,187.480	$1,245.367	$1,298.784
Local Taxes	$424.184	$447.387	$469.195	$489.320

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$141.509	$323.796	$337.684
Local Taxes	$0.000	$53.314	$121.991	$127.223

Assumptions

- Average depreciation rate on tangible personal property is 50 percent.
- Number of new households moving to Washington is 50 percent of new driver's license issuances for 2014.
- 50 percent of visitors to Washington locations are Washington residents while 39.4 percent of visitors are repeat visitors.
- The growth rate will mirror the retail sales tax growth rate reflected in the February 2015 economic forecast.
- Number of autos visiting Washington is 12.5 percent of total first time visitors and taxed on reasonable rental value.
- Effective date of July 1, 2016, with 11 months of impact in Fiscal Year 2017.
- Compliance:
  - 13 percent revenue collections in Fiscal Year 2017,
  - 26 percent revenue collections in Fiscal Year 2018,
  - 39 percent revenue collections in Fiscal Year 2019,
  - 52 percent revenue collections in Fiscal Year 2020 and thereafter.

Continued

82.12.0251 - Nonresidents' personal property

Data Sources

- Department of Licensing - Driver Licensing Data
- National Auto Dealers Association 2014 Report
- Homecontents.com
- VisitSeattle.com
- Rockcheetah.com
- x-rates.com
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Visitors and new Washington residents
Taxpayer Count:	7,379
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.12.0254 - Vehicles used in interstate commerce

Description

Use tax does not apply to:
1) the use of any airplanes, locomotives, railroad cars or watercraft and their component parts that are primarily used to transport property or persons for hire in interstate or foreign commerce,
2) vessels primarily used in conducting commercial deep sea fishing operations outside of Washington waters,
3) intra-state commuter air carriers,
4) the use of any vehicle, that is registered in another state, to transport property or persons across state boundaries for a period less than 15 consecutive days by a nonresident who has at least one place of business in Washington as well as in another state, and
5) the use of any vehicle and its component parts that is used to transport property or persons for hire across state boundaries that has been issued a permit by the interstate commerce commission (or its successor agency).

Purpose

To encourage the use of Washington-based transportation providers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$311.918	$165.649	$176.571	$185.153
Local Taxes	$117.338	$62.314	$66.423	$69.651

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$151.845	$176.571	$185.153
Local Taxes	$0.000	$57.121	$66.423	$69.651

Assumptions

- The growth rate will mirror the Real Nonresidential Fixed Investments growth rate reflected in the February 2015 economic forecast.
- Interstate transportation equipment taxed at 100 percent of the value of the article in Fiscal Year 2016.
- An allowance for repeat nonresident trips and owners of property into Washington has been made at 50 percent of taxable value for fiscal years 2017, 2018, and 2019.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Continued

82.12.0254 - Vehicles used in interstate commerce

Data Sources

- Department of Revenue Data
- Department of Licensing Prorate Section Data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1937
Primary Beneficiaries:	Interstate Carriers
Taxpayer Count:	66,000
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.12.02595 - Donations to nonprofits and government

Description

Tangible personal property donated to nonprofit charitable organizations and state or local governments are exempt from use tax. In addition, labor and services rendered in respect to installing, repairing, cleaning, altering, imprinting, or improving personal property that are donated to nonprofit charitable organizations and state or local governments are also exempt from use tax.

If the reason for the donation was to allow the organization to provide the property to others, the use of the property or service by the recipient is exempt. Donors who provide the property without intervening use are also exempt.

Purpose

To allow charitable donations to take place without incurring use tax liability.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.900	$2.004	$2.102	$2.193
Local Taxes	$0.722	$0.761	$0.799	$0.833

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.837	$2.102	$2.193
Local Taxes	$0.000	$0.698	$0.799	$0.833

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Giving USA Highlights 2014
- Giving in Numbers 2014 Edition

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit groups and governmental entities that receive donated items
Taxpayer Count:	317
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.12.0263 - Extracted fuel

Description

Fuel used by an extractor or manufacturer during the same extracting or manufacturing activity that produces the fuel is exempt from use tax.

Purpose

To support the fuel manufacturing and extracting industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$20.525	$22.143	$22.904	$23.494
Local Taxes	$7.677	$8.282	$8.566	$8.787

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$20.298	$22.904	$23.494
Local Taxes	$0.000	$7.591	$8.566	$8.787

Assumptions

- For petroleum usage, growth rates mirror the oil price growth rates reflected in the February 2015 economic forecast.
- Oil tax base is 5.2 percent of petroleum manufacturing sales
- For forest product usage the use tax will be 2.02 percent of the petroleum product use tax.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1949
Primary Beneficiaries:	Petroleum and Forest Product Manufacturers
Taxpayer Count:	148
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.12.0264 - Driver training vehicles

Description

Vehicles used in driver-training programs by public and private schools are exempt from use tax. The vehicles must:

- Contain dual controls, and
- Be used exclusively by public or private schools (not commercial driver-training programs).

Purpose

Reduces the costs of providing driver-education programs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.014	$0.015	$0.017	$0.019
Local Taxes	$0.006	$0.007	$0.008	$0.009

Repeal of exemption

Repealing this exemption would increase state revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.014	$0.017	$0.019
Local Taxes	$0.000	$0.006	$0.008	$0.009

Assumptions

- Statewide, school districts have 11 cars that are under contract
- The cars have an average age of 8 years old
- Same number of private school driver's education cars are under contract but have a little higher value (newer)
- Since the number of driver's education cars currently leased is much lower than previous years, assume 10% growth in the number of leased cars

Data Sources

- OSPI driver education car data
- Average car values from Edmunds.com

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1955
Primary Beneficiaries:	School districts
Taxpayer Count:	11
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.12.0265 - Bailed tangible personal property for research and development

Description

Use tax does not apply to the value of bailed property when the bailee consumes the property while conducting research and development, experimental and testing activities for a bailor who is not subject to tax. "Bailment" consists of granting the right of possession of tangible personal property to another person (bailee) without transfer of ownership.

Purpose

Bailment typically applies to tangible personal property owned by the federal government that is used by federal contractors. The purpose of the exemption is to improve the competitive position of instate firms competing for the federal contracts by reducing the associated tax burden.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

There are fewer than three known taxpayers.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1961
Primary Beneficiaries:	Contractors with the federal government
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.12.0266 - Vehicles acquired while in military service

Description

Vehicles and trailers acquired and used by Washington residents serving in the armed forces and stationed outside of Washington are exempt use tax. The exemption does not cover persons called to active duty for training of less than six months or for vehicles acquired less than 30 days prior to discharge from the military.

Purpose

To support resident armed forces members and to create equity. Under RCW 82.12.0251 nonresidents who bring their vehicles into Washington and establish residency here are exempt from use tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.917	$6.165	$6.350	$6.439
Local Taxes	$2.103	$2.191	$2.257	$2.288

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.651	$6.350	$6.439
Local Taxes	$0.000	$2.008	$2.257	$2.288

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Estimated persons from Washington in the military will mirror percentage of state population to national population.
- Average length of auto ownership is 7.9 years.

Data Sources

- Economic & Forecast Council February 2015 Forecast
- United States Census Statistical Abstract

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1963
Primary Beneficiaries:	Resident members of the armed forces
Taxpayer Count:	26,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.12.0272 - Display items for trade shows

Description

Tangible personal property held for sale and displayed in a trade show for up to 30 days is exempt from use tax. The exemption pertains to items that are actually demonstrated and not simply available for sale as part of the dealer's inventory.

Purpose

To stimulate trade and the economy by encouraging trade shows to take place in the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

The effect of repealing this exemption is indeterminate, but would likely increase revenues. No data is available to determine the value of items used for display purposes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- The use tax exemption provided by this preference does not require beneficiaries to report, file, deduct, or otherwise document their use of the preference.
- There is currently no reliable data source to estimate the impact.
- The revenue impact is indeterminate.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1971
Primary Beneficiaries:	Manufacturers displaying items at trade shows
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.12.0284 - Computers donated to schools

Description

Public and private schools are exempt from use tax for computers donated to them by individuals and businesses. The exemption covers computer hardware, components and accessories, as well as computer software.

Note: a similar exemption is provided for ALL tangible personal property that is donated to a government entity or a nonprofit charitable organization. However, that statute does not cover donations of computers to private, nonprofit educational institutions.

Purpose

To encourage individuals and businesses to donate computer equipment to schools.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.094	$0.094	$0.094	$0.094
Local Taxes	$0.036	$0.036	$0.036	$0.036

Repeal of exemption

Repealing this exemption would increase revenues. Private nonprofit educational institutions would pay use tax on donated computers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.086	$0.094	$0.094
Local Taxes	$0.000	$0.030	$0.036	$0.036

Assumptions

- On average, over 7,200 computers were donated to schools annually for the last 5 years.
- Used computers have an average value of $200.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Office of Public Instruction

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	Public and private schools
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2012

82.12.035 - Tax paid to other states

Description

Items brought into Washington receive a credit against use tax liability for the amount of retail sales or use taxes paid to another state or political subdivision of another state. The credit is limited to the amount of Washington use tax otherwise due.

Purpose

The primary function of the use tax is to complement the retail sales tax by asserting tax in situations where the Washington retail sales tax did not apply (purchases made in other states, items bought from private parties, etc.). This credit avoids overtaxing items where tax was paid to another jurisdiction.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.857	$0.905	$0.958	$1.003
Local Taxes	$0.326	$0.344	$0.364	$0.381

Repeal of exemption

Repealing this exemption may possibly increase revenues. Use taxes currently owed by households are virtually uncollectable. Compliance efforts aimed at small businesses are also difficult.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.830	$0.958	$1.003
Local Taxes	$0.000	$0.315	$0.364	$0.381

Assumptions

- The growth rate for the use tax from the Economic & Revenue Forecast Council's May 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

-Department of Revenue deduction data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1967
Primary Beneficiaries:	Businesses and others paying out of state taxes
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.12.225 - Nonprofit fund-raising activities - article valued at less than $10,000

Description

Items bought or received as a prize in a contest of chance from a nonprofit organization or library that are valued at less than $12,000 are exempt from use tax if the sale is exempt under RCW 82.04.3651. This exemption expires July 1, 2020.

Purpose

To support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.015	$0.015	$0.015	$0.015
Local Taxes	$0.006	$0.006	$0.006	$0.006

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.014	$0.015	$0.015
Local Taxes	$0.000	$0.005	$0.006	$0.006

Assumptions

- Approximately 2 percent of all items bought or won from nonprofit organizations are currently reported for use tax purposes. It is further assumed that 10 percent of these items that are bought or won as a prize in a contest of chance from a nonprofit organization or library will be valued over $12,000.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

National Center for Charitable Statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2013
Primary Beneficiaries:	Prize winners of contests of chance from a nonprofit organization or library
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	Unable to find on JLARC review schedule

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Description

These three statutes relate to the application of use tax for firms that manufacture or sell boats and boat trailers. Use tax is exempt on the following uses of a vessel and trailer by the manufacturer or a vessel dealer:

- testing, setting-up, repairing, remodeling or otherwise making the vessel seaworthy;
- training of employees who are involved in the manufacturing of the vessel; activities promoting the sale of the vessel;
- loaning or donating the vessel to nonprofit organizations or governmental entities for limited periods;
- transporting, displaying or demonstrating the vessel at boat shows; and
- delivering, showing and operating the vessel for a prospective buyer.

Any other personal intervening use of the vessel by the manufacturer or a dealer is subject to use tax. However, RCW 82.12.802 provides that the use tax in such instances is to be measured by the reasonable rental value of the vessel for that particular use, rather than the fair market value, if the dealer can demonstrate that the vessel is truly held for sale.

Purpose

To clearly identify the uses of vessels and related equipment which are not considered as taxable "intervening" uses and to provide a basis for the use tax in other taxable situations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.251	$0.266	$0.284	$0.297
Local Taxes	$0.095	$0.101	$0.108	$0.113

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.244	$0.284	$0.297
Local Taxes	$0.000	$0.093	$0.108	$0.113

Continued

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Assumptions

- The taxable amount is 1% of taxable retail sales under the following NAICS:
  - 336611, ship building and repairing
  - 336612, boat manufacturers
  - 441222, boat dealers
- The growth rate will mirror the Real Nonresidential Fixed Investments growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Taxpayer Database
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Boat Builders and Dealers
Taxpayer Count:	475
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.32 - Nonresident entity vessel owners

Description

This exemption allows a nonresident vessel owner that is not a natural person (entity-owned) to receive the nonresident vessel permit under RCW 88.02.620 if certain conditions are met.

It allows a nonresident that is not a natural person to obtain a nonresident vessel permit on or before the sixty-first day of use in Washington. Additional requirements for a nonresident vessel owner that is not a natural person are:

- the vessel must be between 30 and 164 feet in length,
- no Washington state resident is a principal of the nonresident person, and
- the Department of Revenue has provided the nonresident vessel owner written approval authorizing the permit as defined.

This exemption expires July 1, 2019.

Purpose

To expand the economy of the maritime industry in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.333	$1.477	$1.575	$1.652
Local Taxes	$0.491	$0.523	$0.556	$0.583

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.354	$1.575	$1.652
Local Taxes	$0.000	$0.478	$0.556	$0.583

Assumptions

- Approximately 56 "nonresident vessel that is not a natural person" permits issued each year based upon the average number of domestic nonresident vessel permits issued between 2009 and 2014 for vessels between 30 and 125 feet in length.
- An additional allowance is made for vessel between 121 and 164 feet in length.
- An equal number of natural person and entity permits issued based upon Hebert Research Inc May 2011 report on the maritime industry.
- The two permits per 36 month restriction will not impact the annual vessel count totals.
- Average vessel value over 40 feet in length is $315,000, average length of 60 feet.

82.32 - Nonresident entity vessel owners

Assumptions (continued)

- Growth rate will mirror the Nonresidential Fixed Investment growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2016 due to July 1, 2016 effective date.
- One month cash collection impact for Fiscal Year 2020 due to July 1, 2019 expiration date.

Data Sources

- Department of Licensing Data
- Department of Revenue Data
- Economic & Forecast Council February 2015 Forecast
- "Washington Recreational Boats: Economic Impact Research Report" May 2011 (Herbert Research Inc)

Additional Information

Additional Information	
Category:	Sales/Use Tax
Year Enacted:	2015
Primary Beneficiaries:	Nonresident Entity Vessel Owners
Taxpayer Count:	56
Program Inconsistency:	None
JLARC Review:	JLARC has schedule for review in 2025

82.12.860 - Credit unions - state chartered conversion

Description

State-chartered credit unions receive an exemption from use tax on any tangible personal property, digital goods and services, certain other services defined as retail sales, or extended warranties acquired from federal, out-of-state, or foreign credit unions as a result of a merger or conversion.

Purpose

Enables state-charted credit unions to compete with federally-chartered credit unions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.172	$0.172	$0.172	$0.172
Local Taxes	$0.065	$0.065	$0.065	$0.065

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.158	$0.172	$0.172
Local Taxes	$0.000	$0.060	$0.065	$0.065

Assumptions

- Growth will be zero.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Department of Financial Institutions

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Credit unions
Taxpayer Count:	3
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2017

82.14.410 - Local sales tax cap for lodging

Description

These statutes exempt charges for lodging from any retail sales and use tax levied by a local government jurisdiction after December 1, 2000, if the local tax would have resulted in a combined tax rate on such charges in excess of 12.0 percent or the rate that would otherwise have applied on December 1, 2000.

Included in the calculation of the maximum tax rate that would have applied on December 1, 2000 are:

- the state retail sales tax (6.5 percent);
- city/county local sales tax (1.0 percent);
- transit district local sales tax (0.6 percent);
- criminal justice local sales tax (0.1 percent);
- the state convention center tax on hotels with more than 60 units that applies in King County (7.0 percent within Seattle; 2.8 percent elsewhere), and
- hotel/motel taxes levied by cities and counties (2.0 percent).

These totaled 15.2 percent for lodging within Seattle and 12.0 percent elsewhere. As a result, lodging at facilities with more than 60 units in Seattle was excluded from the additional local sales tax for transit (rate increased from 0.6 to 0.8 percent in April 2001 then to 0.9 percent in April 2007). Similarly, local sales taxes in parts of Pierce County, Wenatchee, and East Wenatchee have been restricted from new or increased local taxes on lodging.

Purpose

To encourage tourist activities in areas with high tax rates.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$11.600	$12.000	$12.300	$12.700

Repeal of exemption

Repealing this exemption would increase revenues. Seattle and Pierce County lodging facilities would collect and remit the additional lodging taxes on transient rentals.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$9.978	$12.300	$12.700

82.14.410 - Local sales tax cap for lodging

Assumptions

- Growth of 3 percent per year based on historic average growth.
- July 1, 2016 effective date reflects 10 months of distributions.

Data Sources

- Department of Revenue lodging data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Hotels and motels in areas with high local tax rates
Taxpayer Count:	215
Program Inconsistency:	None
JLARC Review:	Unable to find on JLARC review schedule

82.14.430(1) - Local regional transportation vehicles

Description

This statute authorizes a regional transportation investment district (RTID) to levy a local retail sales/use tax of up to 0.1 percent to finance regional transportation projects. Subsection (1) exempts motor vehicles from the local tax. However, subsection (2) imposes a special use tax at the same tax rate on motor vehicles purchased by residents of the district.

Purpose

This unique tax arrangement enables vehicle dealers located within a RTID to avoid collecting the 0.1 percent local sales tax for regional transportation projects from purchasers of new or used vehicles who reside outside of the district. Conversely, residents of the district who purchase vehicles from dealers located outside of the district will still be subject to the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No jurisdictions have imposed this tax, so there is no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2002
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident, except that all other state and local sales taxes other than the public safety tax, apply to motor vehicles
JLARC Review:	Unable to find on JLARC review schedule

82.14.450(4) - Local public safety tax on vehicles

Description

Counties are authorized to levy a local retail sales and use tax of up to 0.3 percent. One-third of the receipts must be devoted to criminal justice expenditures. The county retains 60 percent of the receipts and the remainder is shared with cities on a per capita basis. Subsection (4) of the statute exempts sales of motor vehicles from the local tax. Similarly, motor vehicles leases for the first 36 months of the lease period are also exempt.

Purpose

The exemption acknowledges that local vehicle dealers will have to compete with dealers located in adjacent areas where the local tax is not levied.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$3.200	$3.400	$3.500	$3.700

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$2.500	$3.500	$3.700

Assumptions

- All car dealers are registered and correctly reporting excise tax.
- Growth of 5 percent per fiscal year based on February forecast by Economic and Revenue Forecast Council.
- Counties will continue to levy the public safety tax if the vehicle exemption is repealed.
- No state impact since this is a local tax.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Vehicle dealers in the counties that impose the local public safety sales and use tax
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.32.065 - Returned motor vehicles under warranty

Description

The Department of Revenue shall credit or refund to the manufacturers the amount of the tax refunded for returns of a new motor vehicle under chapter 19.118 RCW, also known as the lemon law.

Purpose

Assures that manufacturers are not financially responsible for refunded sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.072	$0.072	$0.072	$0.072
Local Taxes	$0.027	$0.027	$0.027	$0.027

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.066	$0.072	$0.072
Local Taxes	$0.000	$0.025	$0.027	$0.027

Assumptions

- Average refunds of $1.1 million per year from 2003 through 2014.
- Due to the fluctuation in the data, growth rate is zero percent.
- Eleven months of collection in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Attorney General Office for Consumer Protection

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Vehicle manufacturers
Taxpayer Count:	Average of 20 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.32.580 - Museum for historic autos

Description

Provides a sales and use tax deferral for the preparation and construction of a historic automobile museum that:

- is owned and operated by a nonprofit organization, corporation, or association, and
- maintains and exhibits at least 500 vehicles to the public.

Deferred taxes on the facility will be repaid beginning in the fifth year after the project is operationally complete, with the final deferred sales tax payment due at the end of the ninth year following the date of operational completion.

Purpose

Encourage construction of a historic automobile museum in Pierce County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Repealing the deferral does not impact taxes already deferred under the existing law.
- This project is complete, and deferred taxes are scheduled for repayment beginning December 31, 2017.

Data Sources

Department of Revenue, Special Programs Division

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Historic automobile museum in Pierce County
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

82.32.760(1b) - Sales tax destination sourcing costs

Description

Qualifying retailers may take a credit against their state sales tax to mitigate the cost of switching from origin-based sourcing to destination-based sourcing of local sales tax. The credit equals up to $1,000 of the costs of switching. Retailers can claim credit until the total credit amount is used.

Qualifying retailers must have:

- a physical presence in Washington,
- less than $500,000 in gross income annually,
- at least five percent of their gross income from sales delivered to physical locations away from their place of business,
- at least one percent of their gross income from sales delivered to local jurisdictions imposing sales tax other than the one to which the taxpayer reported the most local sales tax, and
- first claimed the credit by July 1, 2009.

Qualifying retailers are ineligible for the credit if they chose to use the services of a certified service provider for two years at no cost.

Purpose

Meet the requirement of the Streamline Sales and Use Tax Agreement to help small retailers transition from origin-based sourcing to destination-base sourcing of local sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because businesses had to first claim this credit by July 1, 2009 and presumably have used the total credit available to them.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Taxpayers with credit available will take minimal credit in the future.

Data Sources

Department of Revenue excise tax data

Continued

82.32.760(1b) - Sales tax destination sourcing costs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Retailers making the change to destination-based sourcing
Taxpayer Count:	215
Program Inconsistency:	None evident
JLARC Review:	JLARC scheduled to review in 2018

82.34.050(2); 82.34.060(2) - Pollution control facilities

Description

This exemption allows a credit against state B&O, public utility or use taxes for previously paid taxes and/or in lieu of accepting the tax exemptions. Construction of required pollution control facilities associated with approved applications received between July 30, 1967, and November 30, 1981, were exempt from state retail sales/use tax.

Purpose

To encourage abatement of pollution and to compensate Washington firms for the costs of upgrading pollution control facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would possibly increase revenues. Taxpayers may argue that they have a vested right to credits currently being taken that were authorized under prior law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The entire credit is taken against B&O tax.
- See B&O tax credit for pollution control facilities, RCW 82.04.427; 82.34.060(2)

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1967
Primary Beneficiaries:	Businesses required to install pollution control facilities, primarily in the lumber and wood products, paper, aluminum and food products industries
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.60.040; 82.60.049 - High unemployment deferral

Description

Certain businesses are eligible for a deferral of retail sales and use tax on charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment when those projects are located in a county with high unemployment or in a Community Empowerment Zone (CEZ). The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

Eligible business activities include:

- Research and development; and
- Manufacturing - for purposes of this deferral, manufacturing also includes the conditioning of vegetable seeds and activities performed by commercial testing laboratories.

The deferral program expires July 1, 2020.

Purpose

Encourages manufacturing, research and development, and job creation in areas with high unemployment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.743	$3.929	$4.177	$4.431
Local Taxes	$1.422	$1.493	$1.587	$1.683

Repeal of exemption

Repealing this deferral/waiver would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.601	$4.177	$4.431
Local Taxes	$0.000	$1.369	$1.587	$1.683

Assumptions

- This estimate uses a national level investment in fixed assets data that has been adjusted to reflect Washington State investment levels.
- The 15 high unemployment counties include: Clallam, Clark, Columbia, Cowlitz, Ferry, Grays Harbor, Klickitat, Lewis, Mason, Pacific, Pend Oreille, Skamania, Stevens, Wahkiakum, and Yakima.
- These counties remain high unemployment counties until this deferral expires.
- Large investments in new structures, machinery, and equipment expenditures that would qualify for the deferral/exemption are difficult to predict; therefore, this estimate assumes no large new structures will be built in Washington. Large projects may significantly change the fiscal impact.

Continued

82.60.040; 82.60.049 - High unemployment deferral

Assumptions (continued)

- The statewide average local tax rate is 2.47 percent.
- The estimate assumes annual growth to be the growth in non-residential investment in R&D and private investment in industrial facilities for the United States as forecasted by Global Insight's February 2015 forecast.
- Effective date of July 1, 2016, results in 11 months of cash collections for FY 2017.
- This deferral expires July 1, 2020.

Data Sources

- Bureau of Labor Statistics employment data
- Bureau of Economic Analysis fixed asset data
- Department of Revenue tax return data
- Department of Revenue high unemployment county sales and use tax deferral data
- Department of Revenue average local tax rate
- Global Insight's February 2015 forecast of non-residential investment in R&D and private investment in industrial facilities

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Qualifying R&D and manufacturing projects in high unemployment counties
Taxpayer Count:	About 5 to 15 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.66.040 - Horse racing track deferral

Description

Provides a 10-year sales and use tax deferral for the construction of a thoroughbred horse racing facility that:

- Is located in Western Washington, and
- Commenced construction by July 1, 1998.

Emerald Downs was completed in 1996, and the first repayment of the deferred tax was made on December 31, 2006.

Purpose

To encourage construction of the Emerald Downs track.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would not increase revenues. The previously deferred tax is being repaid over a 10-year period.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The last deferral payment will be made in the Fiscal Year 2016.

Data Sources

Department of Revenue data from Special Programs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	The Emerald Downs track, and the entire horse racing industry in Washington
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.75.010; 82.75.030 - Biotechnology investments

Description

Biotechnology product manufacturers and medical device manufacturers are eligible for a deferral of retail sales and use tax on charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment. The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

The deferral/waiver program expires January 1, 2017.

Purpose

Encourages biotechnology manufacturing in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.722	$0.447	$0.000	$0.000
Local Taxes	$0.274	$0.146	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.447	$0.000	$0.000
Local Taxes	$0.000	$0.146	$0.000	$0.000

Assumptions

- The biotechnology deferral/exemption amounts fluctuate greatly from year to year. For this reason, the estimate uses an average deferred/exempted amount.
- The estimate assumes annual growth to be the growth in non-residential investment in R&D and software for the United States as forecasted by the Economic and Revenue Forecast Council's February 2015 forecast.
- Large new high technology structures, machinery and equipment expenditures that would qualify for the deferral/exemption are difficult to predict; therefore, this estimate assumes no large new structures will be built in Washington. Large projects may significantly change the fiscal impact.
- Biotechnology deferral/exemption projects occur throughout the state. To estimate the local government impacts, the statewide average local tax rate for Fiscal Year 2014 of 2.47 percent was used.
- It is unknown how many projects will be submitted for future years and approved by December 31, 2016, so this estimate assumes future projects are disapproved.
- Effective date of July 1, 2016 results in 6 months of cash collections for FY 2017.
- The incentive expires on January 1, 2017.

Continued

82.75.010; 82.75.030 - Biotechnology investments

Data Sources

- Department of Revenue biotechnology deferral/exemption data
- Economic and Revenue Forecast Council's February 2015 forecast of non-residential investment in R&D

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Biotechnology product manufacturers and medical device manufacturers
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.82.020; 82.82.030 - Corporate headquarters in a Community Empowerment Zone (CEZ)

Description

Qualifying businesses with corporate headquarters located in a community empowerment zone (CEZ), receive a deferral of retail sales and use tax on charges for the construction or expansion of facilities. The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years. Qualifying businesses must:

- Employ at least 300 employees at the facility (each employee must earn at least the annual average wage for the state)
- Invest at least $30 million dollars in the facility

The program is limited to two projects per biennium, and only one project per CEZ, per biennium. This deferral/waiver program expires December 31, 2020.

Purpose

Encourages investment and job creation in community empowerment zones.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral/waiver would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

As of April 2015, there have been no applications for this deferral.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC is scheduled to review in 2018