

SENATE BILL REPORT

SB 6165

As of January 31, 1996

Title: An act relating to the exemption from sales and use taxation of the materials used by small companies in the design and development of aircraft parts, auxiliary equipment, and aircraft modification.

Brief Description: Exempting from sales and use taxation materials used in design and development of aircraft parts.

Sponsors: Senators Fraser and Swecker.

Brief History:

Committee Activity: Ways & Means: 2/2/96.

SENATE COMMITTEE ON WAYS & MEANS

Staff: David Schumacher (786-7715)

Background: The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. The use tax applies in situations where no sales tax has been paid.

Exempt from these taxes are purchases by businesses for resale and purchases of components and ingredients that become part of another product for sale.

Purchases of components and ingredients that are incorporated into prototypes are not exempt from sales and use tax because the prototype itself is generally not for sale.

Summary of Bill: An exemption from sales and use tax is provided on materials used in the design and development of aircraft parts, auxiliary aircraft equipment or aircraft modification for businesses with annual gross sales of less than \$20 million. The exemption is capped at \$100,000 per taxpayer per year.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill was passed.