

FINAL BILL REPORT

SB 6511

C 113 L 96

Synopsis as Enacted

Brief Description: Providing sales and use tax exemptions for materials used in the construction of a laser interferometer gravitational wave observatory.

Sponsors: Senators Loveland and Hale; by request of Governor Lowry.

Senate Committee on Ways & Means

Background: The sales tax is imposed on each retail sale of most articles of tangible personal property and certain services. The use tax is imposed on the use of articles of tangible personal property when the sale or acquisition has not been subject to the sales tax. The use tax commonly applies to purchases made from out-of-state firms.

In general, building contractors charge sales tax on the full price of construction, including labor and materials, because the constructing, altering, repairing, and improving of real or personal property for consumers is subject to sales tax. Construction for the federal government is exempt from tax because federal law requires it. However, state law defines the contractor as the consumer in sales to the federal government and, therefore, the contractor pays sales tax on materials purchased and use tax on materials used in the construction whether or not the materials are incorporated into the structure.

Summary: Personal property purchased by contractors on sales to the federal government is exempt from sales tax if the property is incorporated into, installed in, or attached to a building or other structure that is an integral part of a laser interferometer gravitational wave observatory on which construction is commenced before December 1, 1996.

Votes on Final Passage:

| | | |
|--------|----|---|
| Senate | 47 | 0 |
| House | 97 | 0 |

Effective: March 20, 1996