Building, repairing or improving streets, roads, etc., which are owned by a municipal corporation or political subdivision of the state or by the United States and which are used primarily for foot or vehicular traffic.

Definitions

As used herein:
The word "contractor" means a person engaged in the business of building, repairing or improving any street, place, road, highway, easement, right of way, mass public transportation terminal or parking facility, bridge, tunnel, or trestle which is owned by a municipal corporation or political subdivision of the state or by the United States and which is used or to be used primarily for foot or vehicular traffic, either as a prime contractor or as a subcontractor. It does not include persons who merely sell or deliver road materials to such contractors or to the public authority whose property is being improved. It also does not include persons who construct streets, roads, etc. owned by the state of Washington. (See WAC 458-20-170 for the tax liability of such persons.)

The term "street, place, road, highway, etc." is used in the ordinary sense that the combination of such words implies. It includes docks used primarily by ferry boats operated in connection with a street, road or highway, but does not include railroads, wharves, moorings, hallways, catwalks, or runways, aprons or taxiways for the landing, take-off or movement of airplanes within airports or landing fields; nor does it include ferry boats, even though the ferry be operated in connection with a street, road or highway. It includes roads and walks which are not open to the public generally, but which may be restricted to use by the military or by employees of a department or instrumentality of the United States.
The word "place" means only an area similar to a street or pedestrian walk, such as thoroughfares in various cities designated "places" for the purpose of preserving the continuity of street names or house numbers; generally, a street of shorter length than others.
The term "building, repairing or improving of a publicly owned street, place, road, etc.," includes clearing, grading, graveling, oiling, paving and the cleaning thereof; the constructing of tunnels, guard rails, fences, walks and drainage facilities, the planting of trees, shrubs and flowers therein, the placing of street and road signs, the striping of roadways, and the painting of bridges and trestles; it also includes the mining, sorting, crushing, screening, washing and hauling of sand, gravel, and rock taken from a public pit or quarry. It also includes the constructing of road and street lighting systems, even though portions of such systems also are used for purposes other than street and road lighting; also the constructing of a drainage system in streets and roads, even though such system is also used for the carrying of sewage: Provided, That the drainage facilities are sufficient for disposal of the normal runoff of surface waters from the particular streets and roads in which the system is constructed or an ordinance authorizing the construction of a combined sewer system is incorporated by reference in the contract and the contract or specifications clearly indicate that the system is designed and intended for the disposal of the normal runoff of surface waters from the streets and roads in which the system is constructed.
The term includes any contract for the readjustment, reconstruction or relocation of the facilities of any public, private or cooperatively owned utility or railroad in the course of building, repairing
or improving a street, place, road, etc., which is owned by a munici-
pal corporation or political subdivision of the state or by the United
States, the cost of which readjustment, reconstruction, or relocation
is the responsibility of the public authority whose street, place,
road, etc., is being built, repaired or improved. It also includes
building or repairing mass transportation facilities owned by a munic-
ipa! corporation or political subdivision of the state or by the Uni-
ited States.

Except as provided above, the term does not include the con-
structing of water mains, telephone, telegraph, electrical power, or
other conduits or lines in or above streets or roads, unless such pow-
er lines become a part of a street or road lighting system as afore-
said; nor does it include the constructing of sewage disposal facil-
ties, nor the installing of sewer pipes for sanitation, unless the in-
stallation thereof is within, and a part of, a street or road drainage
system.

**Business and Occupation Tax**

Such contractors are taxable under the public road construction
classification upon their total contract price.

The business and occupation tax does not apply to the cost of or
charge made for labor and services performed in respect to the mining,
sorting, crushing, screening, washing, hauling, and stockpiling of
sand, gravel, and rock, when such sand, gravel, or rock is taken from
a pit or quarry which is owned by or leased to a county or city and
such sand, gravel or rock is

(a) Stockpiled in said pit or quarry for placement on the street,
road, or highway by the county or city itself using its own employees,
or

(b) Placed on the street, road, or highway by the county or city
itself using its own employees, or

(c) Sold by the county or city at actual cost to another county
or city for road use.

**Retail Sales Tax**

The retail sales tax applies upon the sale to such contractors of
all materials including prefabricated and precast items, equipment and
supplies used or consumed in the performance of such contracts.

The retail sales tax does not apply upon any portion of the
charge made by such contractors.

The sales tax does not apply to charges made for labor and serv-
ces which are exempt from business tax as indicated above.

**Use Tax**

The use tax applies to the use by all contractors of all materi-
als including prefabricated and precast items, equipment and supplies
upon which the retail sales tax has not been paid. This tax also ap-
plies in respect to articles produced or manufactured by them for com-
mercial use. (See WAC 458-20-134.)

The use tax does not apply in respect to the use of any sand,
gravel, or rock to the extent of the cost of or charges made for labor
and services performed in respect to the mining, sorting, crushing,
screening, washing, hauling, and stockpiling such sand, gravel, or
rock, when such sand, gravel, or rock is taken from a pit or quarry
which is owned by or leased to a county or a city, and such sand,
gravel, or rock is either (1) stockpiled in said pit or quarry for
placement or is placed on the street, road, place, or highway of the
county or city by the county or city itself (i.e., by its own employ-
pees), or (2) sold by the county or city to a county or a city at ac-
tual cost for placement on a street, road, place, or highway owned by
the county or city. This exemption shall not apply to the use of such
material to the extent of the cost of or charge made for such labor
and services, if the material is used for other than public road pur-
poses or is sold otherwise than as here indicated.

(For lien of unpaid taxes on the retained percentage withheld on
public improvement contract, see WAC 458-20-217.)

[Order ET 71-1, § 458-20-171, filed 7/22/71; Order ET 70-3, §
458-20-171 (Rule 171), filed 5/29/70, effective 7/1/70.]