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**SUBSTITUTE HOUSE BILL 1711**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** House Finance (originally sponsored by Representatives Chapman, Tharinger, Lekanoff, Ryu, Callan, Reed, Volz, Kloba, Stearns, Stokesbary, and Santos)

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

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** A new section is added to chapter 82.08  
8 RCW to read as follows:

9 (1) Subject to the requirements of this section, the tax levied  
10 by RCW 82.08.020 does not apply to sales of, or charges made for:

11 (a) Labor and services rendered in respect to the construction of  
12 a qualified infrastructure project, or the installation of any  
13 equipment or tangible personal property incorporated into a qualified  
14 infrastructure project; or

15 (b) Building materials, telecommunications equipment, and  
16 tangible personal property incorporated into a qualified  
17 infrastructure project.

18 (2) The exemption provided in subsection (1) of this section also  
19 applies to the applicable local sales taxes due on transactions  
20 exempt under this section.

1 (3) (a) In order to obtain an exemption certificate under this  
2 section, a taxpayer working on a qualified infrastructure project  
3 must submit an application to the department for an exemption  
4 certificate. The application must include the information necessary,  
5 as required by the department to determine that the taxpayer  
6 qualifies for the exemption under this section. The application must  
7 also include certification from the owner of the qualified  
8 infrastructure project that the taxpayer is associated with the  
9 qualified infrastructure project and any other information as  
10 required by the department. The department must issue an exemption  
11 certificate to qualified taxpayers.

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

16 (c) The exemption certificate is effective on the date the  
17 application is received by the department, which is the date of  
18 issuance. The exemption provided in this section does not apply to  
19 any property or services that are received by the qualified  
20 infrastructure project owner, or its agent, before the effective date  
21 of this section or after December 31, 2029. For the purpose of this  
22 subsection (3) (c), "received" means:

23 (i) Taking physical possession of, or having dominion and control  
24 over, the tangible personal property eligible for the exemption in  
25 subsection (1) (b) of this section; and

26 (ii) The labor and services in subsection (1) (a) of this section  
27 have been performed.

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

31 (4) The definitions in this subsection apply throughout this  
32 section unless the context clearly requires otherwise.

33 (a) "Local sales tax" means a sales tax imposed by a local  
34 government under the authority of chapter 82.14 or 81.104 RCW.

35 (b) "Qualified infrastructure project" means the construction of  
36 buildings and utilities related to the deployment of modern global  
37 internet and telecommunications infrastructure that occurs in part in  
38 a distressed county located on the coast of Washington. The  
39 infrastructure may include, but is not limited to, cable landing  
40 stations, communications hubs, buried utility connections and

1 extension, and any related equipment and buildings that will add  
2 broadband capacity and infrastructure to the area.

3 (c) "Qualified infrastructure project owner" means a wholly owned  
4 subsidiary of a federally recognized tribe located in a county that  
5 borders the Pacific Ocean that is developing a qualified  
6 infrastructure project.

7 (5) This section expires December 31, 2030.

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

10 (1) Provided an exemption certificate has been issued pursuant to  
11 section 1 of this act, the provisions of this chapter do not apply  
12 with respect to the use of:

13 (a) Labor and services rendered in respect to the installation of  
14 any equipment or other tangible personal property incorporated into a  
15 qualified infrastructure project;

16 (b) Building materials, telecommunications equipment, and  
17 tangible personal property incorporated into a qualified  
18 infrastructure project.

19 (2) The exemption provided in subsection (1) of this section also  
20 applies to the applicable local use taxes due on transactions exempt  
21 under this section.

22 (3) All of the eligibility requirements, conditions, limitations,  
23 and definitions in section 1 of this act apply to this section.

24 (4) For purposes of this section, "local use tax" means a use tax  
25 imposed by a local government under the authority of chapter 82.14 or  
26 81.104 RCW.

27 (5) This section expires December 31, 2030.

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

30 (1) In order to obtain the exemption provided in this act, a  
31 qualified taxpayer or qualified infrastructure project owner must  
32 certify to the department that the work performed on the qualified  
33 infrastructure project by the prime contractor and its subcontractors  
34 was performed under the terms of a community workforce agreement or  
35 project labor agreement negotiated prior to the start of the  
36 qualified infrastructure project. The agreements must include worker  
37 compensation requirements consistent with the payment of area  
38 standard prevailing wages in accordance with chapter 39.12 RCW,

1 apprenticeship utilization requirements, and tribal employment and  
2 contracting opportunities, provided the following:

3 (a) The owner and the prime contractor and all of its  
4 subcontractors regardless of tier have the absolute right to select  
5 any qualified and responsible bidder for the award of contracts on a  
6 specified project without reference to the existence or nonexistence  
7 of any agreements between such bidder and any party to such project  
8 labor agreement, and only when such bidder is willing, ready, and  
9 able to become a party to, signs a letter of assent, and complies  
10 with such agreement or agreements, should it be designated the  
11 successful bidder; and

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

17 (2) This section expires December 31, 2030.

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

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