

# PUBLIC WORKS TAX MATRIX

This Public Works Tax Matrix summarizes administrative code regulations for [WAC 458-20-171](#) regarding sales and use tax applicability to public works contracts for linear construction and [WAC 458-20-170](#) for applicable taxes for constructing and repairing of new or existing buildings or other structures upon real property. [WAC 458-20-171](#) applies to a public works contracts on street, place, road, highway, mass public transportation terminal or parking facility, bridge, tunnel, or trestle owned by a municipal corporation or political subdivision of the state or by the United States government.

## How the Matrix Works

*The Matrix is broken down into two main categories*

- A) Those public works contracts in which applicable business and occupation, use tax, and retail sales tax are all included in the total contract price; or
- B) Those contracts in which applicable business and occupation tax and use taxes are included in the total contract price and to which a percentage of retail sales tax is applied to the total contract price. Some contracts, however, may include elements of both categories A and B. In those cases, splitting the contract into separate schedules to accommodate/account for the separate tax treatments is a good idea.

For category B, the percent of retail sales tax is based upon the retail sales tax rate applicable to the location of the work performed. See retail sales tax rates on the Department of Revenue's [Local Sales and Use Tax Rates and Changes flyers](#).

Bid Examples are located within the Matrix. General contracting and construction definitions can be found in the [DOR Construction Industry Guide](#).



## Questions

Questions regarding applicable sales and use tax for public works projects may be directed to MRSC Public Works Consultant Judy Isaac at [jisaac@mrsc.org](mailto:jisaac@mrsc.org), or the Department of Revenue Public Works Contracts Department at 360-704-5650.

Last Reviewed:  
**March 2020**



## Category A

**Public Road Construction Rule 171:** Contract bid price includes applicable use tax

- STREET
  - PLACE
  - ROAD
  - MASS PUBLIC TRANSPORTATION TERMINAL/PARKING FACILITY <sup>1</sup>
  - BRIDGE
  - TUNNEL
  - TRESTLE
  - WALKS
- 
- ROAD & STREET LIGHTING SYSTEMS
  - ROAD & STREET DRAINAGE SYSTEMS

## Category B

**Retailing/Retail Sales Tax Rule 170:** Retail sales tax added as percent (%) in addition to contract bid price; sales tax shown as separate line item

- BUILDINGS
  - STRUCTURES
- 
- RAILROADS
  - WHARVES
  - MOORINGS
  - HALLWAYS
  - CATWALKS
  - RUNWAYS
  - APRONS <sup>2</sup>
  - TAXIWAYS <sup>2</sup>

### UTILITIES

- Construction of water mains, telephone, telegraph, electrical power, or sewage disposal facilities.

<sup>1</sup> Docks used primarily by ferry boats operated in connection with a street, road, or highway, are included in Category A. Ferry boats purchased by the state or municipal corporations are exempt from retail sales taxes (WAC 458-20-189(6)(f)).

<sup>2</sup> Aprons or Taxiways includes those for the takeoff or landing of airplanes.

# EXAMPLE “BID TABS”

## Category A

### ROAD/STREETS

[All B&O, Use, and Sales Taxes Are Included in Bid Items 1-4]

Item 1 Paving	\$100,000
Item 2 Curb	\$50,000
Item 3 Sidewalk	\$60,000
Item 4 Lighting	\$80,000
<b>Total Bid</b>	<b>\$290,000</b>

## Category B

### SEWER AND WATER MAINS

[B&O and Use Taxes Are Included in Bid Items 1-4]

Item 1 Water Main	\$90,000
Item 2 Valves	\$30,000
Item 3 Sewer Main	\$80,000
Item 4 Manholes	\$40,000
<i>Bid Subtotal</i>	\$240,000
<i>Retail Sales Tax (10%)<sup>3</sup></i>	\$24,000
<b>Total Bid</b>	<b>\$264,000</b>

## A & B Combined

### SCHEDULE A (ROADS/STREETS)

[B&O, Use, and Sales Taxes Are Included in Bid Items 1-4]

Item 1 Paving	\$100,000
Item 2 Curb	\$50,000
Item 3 Sidewalk	\$60,000
Item 4 Lighting	\$80,000
<b>Sch. A Subtotal</b>	<b>\$290,000</b>

### SCHEDULE B (SEWER AND WATER MAINS)

[B&O and Use Taxes Are Included in Bid Items 5-8]

Item 5 Water Main	\$90,000
Item 6 Valves	\$30,000
Item 7 Sewer Main	\$80,000
Item 8 Manholes	\$40,000
<b>Sch. B Bid Subtotal</b>	<b>\$240,000</b>
<i>Retail Sales Tax (10%)<sup>3</sup></i>	\$24,000
<b>Total Sch. B Bid</b>	<b>\$264,000</b>
<b>Total Bid</b>	<b>\$554,000</b>

<sup>3</sup> 10% sales tax is used here for illustration purposes only. Actual sales tax rates will vary depending on the location where the work is performed. For current sales tax rates by jurisdiction, see DOR’s [Local Sales and Use Tax Rates and Changes flyers](#).