

HOUSE BILL REPORT

HB 1463

As Reported by House Committee On: Finance

Title: An act relating to the deferral of sales and use taxes due on the state route number 16 corridor improvements project.

Brief Description: Addressing the deferral of sales and use taxes due on the state route number 16 corridor improvements project.

Sponsors: Representatives Seaquist, Angel and Finn.

Brief History:

Committee Activity:

Finance: 2/27/09, 3/2/09 [DP].

Brief Summary of Bill

- Changes the state sales and use tax deferral for the Tacoma Narrows Bridge project to an exemption.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 8 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

Minority Report: Do not pass. Signed by 1 member: Representative Orcutt, Ranking Minority Member.

Staff: Rick Peterson (786-7150)

Background:

Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services including state construction projects. If retail sales taxes were not collected when the property or services were acquired by the user, then use taxes apply to the value of most

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tangible personal property and some services when used in this state. Use tax rates are the same as retail sales tax rates. The state tax rate is 6.5 percent. Depending on the location, local tax rates vary from 0.5 percent to 2.5 percent. The average local tax rate is about 2 percent, for an average combined state and local tax rate of approximately 8.5 percent.

A new suspension bridge was built next to the old Tacoma Narrows Bridge. The new bridge on State Route 16 opened July 16, 2007. The old bridge retrofit was completed in spring of 2008. The old span takes drivers westbound on two general purpose lanes and one carpool lane. The new bridge carries eastbound traffic on two general purpose lanes, one carpool lane and a fourth drop lane.

The Tacoma Narrows Bridge toll project has a sales and use tax deferral. The taxes are deferred for five years after tolls on the new project started. Beginning in Fiscal Year 2013, the deferred tax becomes due and is payable in 10 annual installments.

Summary of Bill:

State sales and use taxes imposed on the Tacoma Narrows Bridge project, for which a deferral has been granted, do not need to be repaid. Local sales and use taxes remain deferred until Fiscal Year 2013.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.