
Ways & Means Committee

SSB 6073

Brief Description: Concerning sales and use taxes related to the state route number 16 corridor improvements project.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Regala, Rolfes and Carrell).

Brief Summary of Substitute Bill

- Extends the state and local sales and use tax deferral for the Tacoma Narrows Bridge project.

Hearing Date: 3/7/12

Staff: Jeffrey Mitchell (786-7139).

Background:

Retail sales and use taxes are imposed by the state, cities, and counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and digital products. Some services are also subject to sales and use tax including state construction projects. If retail sales taxes were not collected when the property, product, or service was acquired by the purchaser, then use taxes will usually apply to the value of the property, product, or service. Use tax rates are the same as retail sales tax rates.

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 the spring of 2008. The old span takes drivers westbound on three 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 state and local sales and use tax deferral on materials and labor used in the construction of the bridge. The taxes are deferred for five years after tolls on the new project started. Beginning in December 2012, the \$57.6 million in deferred taxes becomes due and are payable in ten annual installments.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Tolls are expected to increase this year due to lower than anticipated toll receipts, increased debt service payments coming due, a mandated minimum fund balance, and deferred sales taxes coming due.

Summary of Bill:

The deferment period for state and local sales and use taxes on the Tacoma Narrows Bridge project is extended by 6 years. In other words, sales and use taxes will begin to be repaid in 2018 as opposed to 2012.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on March 1, 2012.

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