

# HOUSE BILL REPORT

## E2SSB 5280

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### As Reported By House Committee On:

Trade & Economic Development

**Title:** An act relating to tax deferrals for a new thoroughbred race track facility.

**Brief Description:** Providing tax deferrals for a new thoroughbred race track facility.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Smith, Roach, West, Bauer, Schow, Finkbeiner, Johnson, Hale, Kohl, Deccio, Drew and Rasmussen).

### Brief History:

#### Committee Activity:

Trade & Economic Development: 3/29/95, 3/30/95 [DP].

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## HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** Do pass. Signed by 11 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Hickel; Sherstad; Skinner and Valle.

**Staff:** Kenny Pittman (786-7392).

**Background:** The state retail sales tax is imposed on sales of most articles of tangible personal property, construction including labor, repair of tangible personal property, and certain services. The state use tax applies to items used in this state, the acquisition of which was not subject to the retail sales tax, including purchases in other states, purchases from sellers who do not collect Washington sales tax and items produced for use by the producer. The retail sales and use taxes are equal and are based on the value of the property or service. These taxes are imposed by both the state (6.5 percent) and the local government (up to 1.7 percent).

**Summary of Bill:** A retail sales and use tax deferral is provided for a "new thoroughbred race track facility." The tax deferral applies to all materials, machinery and equipment, and labor used to construct or equip the facility. All sales and use taxes are deferred, interest free, for a 5-year period after the facility has been certified as being completed. The deferred taxes are required to be repaid over a 10-year period.

"A new thoroughbred race track facility" is defined as a site for thoroughbred racing that is located west of the Cascade mountains on which construction is started by July 1, 1998.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** The bill is supported by the thoroughbred racing industry. The incentive will assist in the development of a thoroughbred race track in Western Washington. The deferred taxes will be repaid to the state and local government after the facility is in operation.

**Testimony Against:** None.

**Testified:** (Pro) Ralph Vacca, Washington Thoroughbred Breeders Association; and Ron Crockett, Northwest Racing.