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**SUBSTITUTE SENATE BILL 5280**

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**State of Washington**

**54th Legislature**

**1995 Regular Session**

**By** Senate Committee on Labor, Commerce & Trade (originally sponsored by Senators Smith, Roach, West, Bauer, Schow, Finkbeiner, Johnson, Hale, Kohl, Deccio, Drew and Rasmussen)

Read first time 02/15/95.

1       AN ACT Relating to tax deferrals for a new thoroughbred race track  
2 facility; adding a new chapter to Title 82 RCW; and declaring an  
3 emergency.

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

5       NEW SECTION.     **Sec. 1.**     Unless the context clearly requires  
6 otherwise, the definitions in this section apply throughout this  
7 chapter.

8       (1) "Applicant" means a person applying for a tax deferral under  
9 this chapter.

10       (2) "Person" has the meaning given in RCW 82.04.030.

11       (3) "Department" means the department of revenue.

12       (4) "Investment project" means construction of buildings, site  
13 preparation, and the acquisition of related machinery and equipment  
14 when the buildings, machinery, and equipment are to be used in the  
15 operation of a new thoroughbred race track.

16       (5) "New thoroughbred race track" means a site for thoroughbred  
17 horse racing located west of the Cascade mountains on which  
18 construction is commenced after the effective date of this act and  
19 prior to July 1, 1998.

1 (6) "Buildings" means only those new structures such as ticket  
2 offices, concession areas, grandstands, stables, and other structures  
3 that are an essential or an integral part of a thoroughbred race track.  
4 If a building is used partly for use as an essential or integral part  
5 of a thoroughbred race track and partly for other purposes, the  
6 applicable tax deferral shall be determined by apportionment of the  
7 costs of construction under rules adopted by the department.

8 (7) "Machinery and equipment" means all fixtures, equipment, and  
9 support facilities that are an integral and necessary part of a  
10 thoroughbred race track.

11 (8) "Recipient" means a person receiving a tax deferral under this  
12 chapter.

13 (9) "Certificate holder" means an applicant to whom a tax deferral  
14 certificate has been issued.

15 (10) "Operationally complete" means constructed or improved to the  
16 point of being functionally useable for thoroughbred horse racing.

17 (11) "Initiation of construction" means that date upon which on-  
18 site construction commences.

19 NEW SECTION. **Sec. 2.** Application for deferral of taxes under this  
20 chapter shall be made before initiation of construction of buildings or  
21 acquisition of machinery and equipment. The application shall be made  
22 to the department in a form and manner prescribed by the department.  
23 The application shall contain information regarding the location of the  
24 investment project, estimated or actual costs, time schedules for  
25 completion and operation, and other information required by the  
26 department. The department shall rule on the application within sixty  
27 days.

28 NEW SECTION. **Sec. 3.** (1) The department shall issue a sales and  
29 use tax deferral certificate for state and local sales and use taxes  
30 due under chapters 82.08, 82.12, and 82.14 RCW on each investment  
31 project. The use of the certificate shall be governed by rules  
32 established by the department.

33 (2) This section shall expire July 1, 1998.

34 NEW SECTION. **Sec. 4.** (1) The recipient shall begin paying the  
35 deferred taxes in the tenth year after the date certified by the  
36 department as the date on which the investment project is operationally

1 complete. The first payment is due on December 31st of the tenth  
2 calendar year after such certified date, with subsequent annual  
3 payments due on December 31st of the following four years with amounts  
4 of payment scheduled as follows:

5	Repayment Year	% of Deferred Tax Repaid
6	1	20%
7	2	20%
8	3	20%
9	4	20%
10	5	20%

11 (2) The department may authorize an accelerated repayment schedule  
12 upon request of the recipient.

13 (3) Interest shall not be charged on any taxes deferred under this  
14 chapter for the period of deferral, although all other penalties and  
15 interest applicable to delinquent excise taxes may be assessed and  
16 imposed for delinquent payments under this chapter. The debt for  
17 deferred taxes is not extinguished by insolvency or other failure of  
18 the recipient.

19 NEW SECTION. **Sec. 5.** Chapter 82.32 RCW applies to the  
20 administration of this chapter.

21 NEW SECTION. **Sec. 6.** Applications and any other information  
22 received by the department under this chapter is not confidential and  
23 is subject to disclosure.

24 NEW SECTION. **Sec. 7.** If any provision of this act or its  
25 application to any person or circumstance is held invalid, the  
26 remainder of the act or the application of the provision to other  
27 persons or circumstances is not affected.

28 NEW SECTION. **Sec. 8.** Sections 1 through 7 of this act shall  
29 constitute a new chapter in Title 82 RCW.

30 NEW SECTION. **Sec. 9.** This act is necessary for the immediate  
31 preservation of the public peace, health, or safety, or support of the

1 state government and its existing public institutions, and shall take  
2 effect immediately.

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