

SENATE BILL REPORT

SB 6319

As Reported By Senate Committee On:
Economic Development, Trade & Management, January 30, 2008

Title: An act relating to extending the application deadlines for sales and use tax deferral programs.

Brief Description: Extending the application deadlines for sales and use tax deferral programs.

Sponsors: Senators Kilmer, King, Kastama, McAuliffe and Rasmussen.

Brief History:

Committee Activity: Economic Development, Trade & Management: 1/23/08, 1/25/08, 1/30/08 [DP-WM].

Ways & Means: 2/12/08.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & MANAGEMENT

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Kilmer, Vice Chair; Zarelli, Ranking Minority Member; Kauffman, King and Shin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: Washington has a number of sales and use tax deferral programs: for investment projects in rural counties; for high technology businesses; for fruit, vegetable, dairy, and seafood processing and warehousing; and for biotechnology and medical device manufacturing businesses. Under each of these programs, the deferred taxes are forgiven if the investment project meets the program criteria for eight years. Application for deferral under each program must be made before initiation of construction or acquisition of equipment or machinery for the investment project.

Summary of Original Bill (As Passed Committee): Application for deferral of taxes must be made no more than 60 days after initiation of construction or acquisition of equipment or machinery for investment projects in rural counties; for high technology businesses; for fruit, vegetable, dairy, and seafood processing and warehousing; and biotechnology and medical device manufacturing businesses.

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.

EFFECT OF PROPOSED SUBSTITUTE (As Heard in Economic Development, Trade & Management Committee): Application for deferral of taxes can be made any time prior to completion of construction for investment projects in rural counties; for high technology businesses; for fruit, vegetable, dairy, and seafood processing and warehousing; and for biotechnology and medical device manufacturing businesses. Any taxes due before the Department of Revenue receives an application will not be deferred.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Proposed Substitute: PRO: Applying for and being denied a tax benefit because you are late leaves a bad taste in your mouth. This allows a grace period. Tax incentives promote economic development. This bill gets rid of a hurdle.

OTHER: The original bill has a lower fiscal note than the proposed substitute.

Persons Testifying: PRO: Senator Kilmer, prime sponsor; Amber Carter, Association of Washington Business.

OTHER: Gary Grossman, DOR.