

2 SSB 6050 - S AMD - 575

3 By Senators Fraser, Loveland, Spanel, Rasmussen and Goings

4 NOT ADOPTED 1/28/98

5 On page 1, after line 4, strike everything after the enacting
6 clause and insert the following:

7 "NEW SECTION. **Sec. 1.** The legislature finds and declares that
8 state tax exemptions and deferrals on state route number 16 corridor
9 improvements, constructed under the public-private initiatives in
10 transportation program, would decrease both the initial cost of the
11 project and the operating costs of the facility once it is in
12 operation. A state sales and use tax deferral and leasehold tax
13 exemptions would lower initial toll levels charged to users of the
14 facility, reduce the need for toll increases, and reduce the length of
15 time tolls are imposed. Lower toll rates increase the likelihood of
16 favorable voter response to the advisory vote required under chapter
17 47.46 RCW on the state route number 16 corridor improvements project.

18 NEW SECTION. **Sec. 2.** A new section is added to chapter 47.46 RCW
19 to read as follows:

20 (1) A private entity that is party to an agreement under this
21 chapter may apply for deferral of state taxes on the site preparation
22 for, the construction of, the acquisition of any related machinery and
23 equipment which will become a part of, and the rental of equipment for
24 use in the state route number 16 corridor improvements project under
25 this chapter. Application shall be made to the department of revenue
26 in a form and manner prescribed by the department of revenue. The
27 application shall contain information regarding estimated or actual
28 costs, time schedules for completion and operation, and other
29 information required by the department of revenue. The department of
30 revenue shall approve the application within sixty days if it meets the
31 requirements of this section.

32 (2) The department of revenue shall issue a sales and use tax
33 deferral certificate for state and local sales and use taxes due under
34 chapters 82.08 and 82.12 RCW on the project. The project is subject to

1 local tax under chapter 82.14 RCW. The use of the certificate shall be
2 governed by rules established by the department of revenue.

3 (3) A private entity granted a state tax deferral under this
4 section shall begin paying the deferred taxes in the fifth year after
5 the date certified by the department of revenue as the date on which
6 the project is operationally complete. The first payment is due on
7 December 31st of the fifth calendar year after such certified date,
8 with subsequent annual payments due on December 31st of the following
9 nine years. Each payment shall equal ten percent of the deferred tax.

10 (4) The department of revenue may authorize an accelerated
11 repayment schedule upon request of a private entity granted a deferral
12 under this section.

13 (5) Interest shall not be charged on any taxes deferred under this
14 section 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 section. The debt for
17 deferred taxes is not extinguished by insolvency or other failure of
18 the private entity.

19 (6) Applications and any other information received by the
20 department of revenue under this section are not confidential and are
21 subject to disclosure. Chapter 82.32 RCW applies to the administration
22 of this section.

23 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.29A RCW
24 to read as follows:

25 All leasehold interests in the state route number 16 corridor
26 improvements project constructed and operated under chapter 47.46 RCW
27 are exempt from state tax under RCW 82.29A.030."

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31 On page 1, on line 2 of the title, after "47.46 RCW;" strike the
32 remainder of the title and insert "adding a new section to chapter
33 47.46 RCW; adding a new section to chapter 82.29A RCW; and creating a
34 new section."

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EFFECT: Authorizes a 5 year state sales and use tax deferral for the State Route Number 16 highway corridor improvements project with a 10 year payback and limits the leasehold excise tax exemption to the state tax.