

# SENATE BILL REPORT

## ESHB 1865

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As of February 23, 2006

**Title:** An act relating to sales and use taxes related to the state route 16 corridor improvements project.

**Brief Description:** Modifying sales and use taxation related to the state route 16 corridor improvements project.

**Sponsors:** House Committee on Transportation (originally sponsored by Representatives Kilmer, Woods, Lantz, Appleton, Talcott, Green and Williams).

**Brief History:** Passed House: 1/13/06, 94-2.

**Committee Activity:** Ways & Means: 2/24/06

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Dean Carlson (786-7305)

**Background:** State highway construction projects are subject to the state and local sales and use taxes. The taxes are imposed on the construction labor, materials, and some services.

The Tacoma Narrows Bridge toll project currently has a sales and use tax deferral. The taxes are deferred for five years after tolling is commenced which is currently estimated to begin in 2007. In 2012, the tax would become due and is payable in 10 equal and annual installments.

**Summary of Bill:** The state portion of the sales and use taxes imposed on the Tacoma Narrows Bridge project for which a deferral has been granted need not be repaid.

Road and bridge projects where 80 percent or more of the cost is paid or recovered through direct user fees are exempt from sales and use taxes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

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