

SENATE BILL REPORT

SB 5409

As Reported by Senate Committee On:
Agriculture, Water, Trade & Economic Development, February 7, 2017
Ways & Means, March 31, 2017

Title: An act relating to extending the sales and use tax deferral for historic automobile museums.

Brief Description: Extending the sales and use tax deferral for historic automobile museums.

Sponsors: Senators Conway, O'Ban, Angel, Zeiger, Becker, Fortunato and Darneille.

Brief History:

Committee Activity: Agriculture, Water, Trade & Economic Development: 2/07/17, 2/07/17 [DP-WM].
Ways & Means: 3/30/17, 3/31/17 [DP, DNP, w/oRec].

Brief Summary of Bill

- Extends the sales and use tax deferral date for historic automobile museum projects.

SENATE COMMITTEE ON AGRICULTURE, WATER, TRADE & ECONOMIC DEVELOPMENT

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

Signed by Senators Warnick, Chair; Hawkins, Vice Chair; Chase, Ranking Minority Member; Wellman, Assistant Ranking Minority Member; Brown, Honeyford, McCoy, Pearson, Short, Takko and Van De Wege.

Staff: Greg Vogel (786-7413)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Braun, Chair; Brown, Vice Chair; Rossi, Vice Chair; Honeyford, Vice Chair, Capital Budget ; Ranker, Ranking Minority Member; Rolfes, Assistant Ranking

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Minority Member, Operating Budget; Bailey, Becker, Conway, Darneille, Fain, Keiser, Miloscia, Padden, Rivers, Warnick and Zeiger.

Minority Report: Do not pass.

Signed by Senators Carlyle, Hasegawa and Pedersen.

Minority Report: That it be referred without recommendation.

Signed by Senator Frockt, Assistant Ranking Minority Member, Capital Budget.

Staff: Carrie Graf (786-7708)

Background: In 2005, the Legislature authorized a sales and use tax deferral for historic automobile museums to apply to construction-related costs. In order to be eligible for the deferral, the museum must be a nonprofit-run facility used to exhibit a collection of at least 500 vehicles. Taxes must be repaid beginning in the fifth year after the museum is operationally complete. Ten percent of the tax liability is due each year. If the Department of Revenue finds the project to be ineligible during the deferral period or if the project is not operational after five years from when the deferral was issued, deferred taxes must be repaid with interest.

Summary of Bill: The deferral date for sales and use tax payments is extended an additional five years, coming due in the tenth year following operational completion of the museum.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony (Agriculture, Water, Trade & Economic Development): PRO: LeMay-America's Car Museum is a real jewel for the state of Washington. The museum attracts out-of-state guests and rivals the air museum in Seattle in terms of popularity among visitors. The museum opened its doors in 2012, a time when the country and the state were coming out of the recession. This is the museum's fifth year of operation, and the museum is at a point where it is starting a new fund raising drive and starting to consolidate its debt, which is why the museum is asking for additional time for repaying the sales tax on construction. It should be emphasized that this is not a forgiveness but a deferral.

Persons Testifying (Agriculture, Water, Trade & Economic Development): PRO: Senator Steve Conway, Prime Sponsor; Michael Transue, Lemay-America's Car Museum; Paul Miller, LeMay-America's Car Museum.

Persons Signed In To Testify But Not Testifying (Agriculture, Water, Trade & Economic Development): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: The museum saw set backs stemming from the great recessions which set us back in attendance and revenue. On average, 75 percent of attendees come from outside of Pierce and one-third from out of state. We need to ask for the extension in part because we had to refinance with loan restructuring happening this year. Also, the museum is kicking off a new fundraising campaign to pay off its debt. In four years, this museum has become a national presence. We've been recognized as one of the top institutions and draws in the nation. We are looking for a little more time so we can stabilize ourselves. The deferral makes it possible for us to keep our doors open seven days a week.

We hope that the new process will improve demand in the coming years. The bill enhances the incentives that are already in place and makes purchase or conversion more accessible to the trucking industry. Businesses will follow the state's lead in making investments where it makes sense. Propane is a nontoxic alternative fuel and we have members who are enthusiastic to serve the community of users.

Persons Testifying (Ways & Means): PRO: Michael Transue, LeMay - America's Car Museum; Paul Miller, LeMay - America's Car Museum.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.