
HOUSE BILL 2070

State of Washington 65th Legislature 2017 Regular Session

By Representatives Macri, Fitzgibbon, Rodne, and Tarleton

Read first time 02/10/17. Referred to Committee on Finance.

1 AN ACT Relating to providing a tax deferral for the expansion of
2 certain existing public facilities district convention centers;
3 amending RCW 36.100.090; and creating a new section.

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

5 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
6 performance statement for the expanded tax deferral contained in
7 section 2, chapter . . ., Laws of 2017 (section 2 of this act). This
8 performance statement is intended to be used only for subsequent
9 evaluation of the tax preferences. It is not intended to create a
10 private right of action by any party or be used to determine
11 eligibility for preferential tax treatment.

12 (2) The legislature categorizes this tax preference as intended
13 to provide tax relief for certain businesses or individuals, as
14 indicated in RCW 82.32.808(2)(e).

15 (3) It is the legislature's specific public policy objective to
16 insure plans to expand an existing public facilities district
17 convention center located in a county with a population of one
18 million five hundred thousand or more may proceed on schedule to take
19 advantage of attractive financing and construction costs.

1 (4) The legislature finds that the state derives certain economic
2 benefits from the earliest construction start date for the convention
3 center's expansion:

4 (a) The loan will be able to take advantage of low interest rates
5 available in the near term, reducing the total cost of loan
6 repayment;

7 (b) The state will realize reduced construction costs by pursuing
8 bids and initiating construction in the near term; and

9 (c) The convention center will begin generating additional
10 revenues earlier, enabling timely loan repayment.

11 (5) Therefore, in reviewing the success of this tax preference,
12 the joint legislative audit and review committee must assess:

13 (a) Whether the interest rate obtained on the loan was lower than
14 it would have been, if the loan was obtained twenty-four months
15 later;

16 (b) Whether construction costs at the time that meaningful
17 construction begins are lower than such costs would have been, if
18 meaningful construction began two years later; and

19 (c) Whether the expanded convention center generated increased
20 revenues, as measured three years after completion of an expanded
21 facility, and as compared to the center's average revenues over the
22 two-year period prior to such completion.

23 (6) For purposes of this section, "meaningful construction" means
24 an active construction site, where excavation of a building site,
25 laying of a building foundation, or other tangible signs of
26 construction are taking place, such that a progression in the
27 construction process is clearly demonstrated. Planning, permitting,
28 or land clearing before excavation of a building site, without more,
29 does not constitute meaningful construction.

30 (7) The joint legislative audit and review committee must conduct
31 an assessment to determine progress toward achieving economic
32 benefits by assessing revenues received and projected for the
33 expansion of the existing convention center, as measured three years
34 after an expansion of the existing convention center commences
35 operation.

36 **Sec. 2.** RCW 36.100.090 and 1995 1st sp.s. c 14 s 6 are each
37 amended to read as follows:

38 (1) The governing board of a public facilities district may apply
39 for deferral of taxes on the construction of buildings, site

1 preparation, and the acquisition of related machinery and equipment
2 for a new public facility. Application (~~shall~~) must be made to the
3 department of revenue in a form and manner prescribed by the
4 department of revenue. The application (~~shall~~) must contain
5 information regarding the location of the public facility, estimated
6 or actual costs, time schedules for completion and operation, and
7 other information required by the department of revenue. The
8 department of revenue (~~shall~~) must approve the application within
9 sixty days if it meets the requirements of this section.

10 (2)(a) The department of revenue (~~shall~~) must issue a sales and
11 use tax deferral certificate for state (~~and local~~) sales and use
12 taxes due under chapters 82.08(~~7~~) and 82.12(~~7 and 82.14~~) RCW on
13 the public facility. The use of the certificate (~~shall be~~) is
14 governed by rules established by the department of revenue.

15 (b) The sales and use tax deferral certificate may only be issued
16 for state sales and use taxes on a public facility as defined in
17 subsection (7)(b) of this section if the public facilities district,
18 as part of the application process, provides the department of
19 revenue a signed affidavit stating that the public facility is
20 designed and will be constructed to at least the LEED silver
21 standard, as defined in RCW 39.35D.020.

22 (3)(a) The public facilities district (~~shall~~) must begin paying
23 the deferred taxes in the fifth year after the date certified by the
24 department of revenue as the date on which the public facility is
25 operationally complete. The first payment is due on December 31st of
26 the fifth calendar year after such certified date, with subsequent
27 annual payments due on December 31st of the following nine years.
28 Each payment (~~shall~~) must equal ten percent of the deferred tax.

29 (b) Before the first payment is due under subsection (3)(a) of
30 this section, a public facilities district seeking a deferral for a
31 public facility as defined in subsection (7)(b) of this section must
32 provide to the department of revenue certification from the
33 department of enterprise services that the facility has been
34 constructed to at least the LEED silver standard and is operationally
35 completed. Failure to provide this certification will result in a
36 five million dollar penalty, divided and due in equal amounts with
37 each payment of the deferred tax.

38 (4) The department of revenue may authorize an accelerated
39 repayment schedule upon request of the public facilities district.

1 (5) Interest (~~shall~~) may not be charged on any taxes deferred
2 under this section for the period of deferral, although all other
3 penalties and interest applicable to delinquent excise taxes may be
4 assessed and imposed for delinquent payments under this section. The
5 debt for deferred taxes is not extinguished by insolvency or other
6 failure of the public facilities district.

7 (6) Applications and any other information received by the
8 department of revenue under this section are not confidential and are
9 subject to disclosure. Chapter 82.32 RCW applies to the
10 administration of this section.

11 (7) As used in this section, "public facility" means:

12 (a) A baseball stadium with a retractable roof or canopy and
13 natural turf, but does not include any expansion of an existing
14 baseball stadium that occurs after January 1, 2015; or

15 (b) The expansion of an existing public facilities district
16 convention center located in a county with a population of one
17 million five hundred thousand or more.

18 NEW SECTION. Sec. 3. Section 2, chapter . . ., Laws of 2017
19 (section 2 of this act) is exempt from the automatic expiration date
20 provisions of RCW 82.32.805(1)(a).

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