
SENATE BILL 5409

State of Washington

65th Legislature

2017 Regular Session

By Senators Conway, O'Ban, Angel, Zeiger, Becker, Fortunato, and Darneille

Read first time 01/24/17. Referred to Committee on Agriculture, Water, Trade & Economic Development.

1 AN ACT Relating to extending the sales and use tax deferral for
2 historic automobile museums; amending RCW 82.32.580; and creating a
3 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 tax preference contained in section 2
7 of this act. This performance statement is only intended to be used
8 for subsequent evaluation of the tax preference. It is not intended
9 to create a private right of action by any party or be used to
10 determine eligibility for preferential tax treatment.

11 (2) The legislature categorizes this tax preference as one
12 intended to provide tax relief for certain businesses or individuals
13 and to accomplish a general purpose as indicated in RCW 82.32.808(2)
14 (e) and (f).

15 (3) It is the legislature's specific public policy objective to
16 increase the fiscal stability of historic automobile museums in
17 Washington state and thereby, strengthen the economic vitality of the
18 communities in which the museums are located.

19 (4) To measure the effectiveness of the tax preference in section
20 2 of this act in achieving the specific public policy objective
21 described in subsection (3) of this section, the joint legislative

1 audit and review committee must evaluate this tax preference. In
2 evaluating the tax preference, the joint legislative audit and review
3 committee may refer to data provided to the department of revenue.

4 **Sec. 2.** RCW 82.32.580 and 2005 c 514 s 701 are each amended to
5 read as follows:

6 (1) The governing board of a nonprofit organization, corporation,
7 or association may apply for deferral of taxes on an eligible
8 project. Application (~~shall~~) must be made to the department in a
9 form and manner prescribed by the department. The application
10 (~~shall~~) must contain information regarding the location of the
11 project, estimated or actual costs of the project, time schedules for
12 completion and operation of the project, and other information
13 required by the department. The department (~~shall~~) must rule on the
14 application within sixty days. All applications for the tax deferral
15 under this section must be received no later than December 31, 2008.

16 (2) The department (~~shall~~) must issue a sales and use tax
17 deferral certificate for state and local sales and use taxes due
18 under chapters 82.08, 82.12, and 82.14 RCW on each eligible project.

19 (3) The nonprofit organization, corporation, or association
20 (~~shall~~) must begin paying the deferred taxes in the (~~fifth~~) tenth
21 year after the date certified by the department as the date on which
22 the eligible project is operationally complete. The first payment is
23 due on December 31st of the (~~fifth~~) tenth calendar year after such
24 certified date, with subsequent annual payments due on December 31st
25 of the following nine years. Each payment (~~shall~~) must equal ten
26 percent of the deferred tax.

27 (4) The department may authorize an accelerated repayment
28 schedule upon request of the nonprofit organization, corporation, or
29 association.

30 (5) Except as provided in subsection (6) of this section,
31 interest (~~shall~~) may not be charged on any taxes deferred under
32 this section for the period of deferral. The debt for deferred taxes
33 is not extinguished by insolvency or other failure of the nonprofit
34 organization, corporation, or association.

35 (6) If the project is not operationally complete within five
36 calendar years from issuance of the tax deferral or if at any time
37 the department finds that the project is not eligible for tax
38 deferral under this section, the amount of deferred taxes outstanding
39 for the project (~~shall be~~) is immediately due and payable. If

1 deferred taxes must be repaid under this subsection, the department
2 (~~shall~~) must assess interest, but not penalties, on amounts due
3 under this subsection. Interest (~~shall~~) must be assessed at the
4 rate provided for delinquent taxes under this chapter, retroactively
5 to the date of deferral, and (~~shall~~) accrues until the deferred
6 taxes due are repaid.

7 (7) Applications and any other information received by the
8 department of revenue under this section are not confidential under
9 RCW 82.32.330. This chapter applies to the administration of this
10 section.

11 (8) This section applies to taxable eligible project activity
12 that occurs on or after July 1, 2007.

13 (9) (~~The following definitions apply to this section:~~) The
14 definitions in this subsection apply throughout this section unless
15 the context clearly requires otherwise.

16 (a) "Eligible project" means a project that is used primarily for
17 a historic automobile museum.

18 (b) "Historic automobile museum" means a facility owned and
19 operated by a nonprofit organization, corporation, or association
20 that is used to maintain and exhibit to the public a collection of at
21 least five hundred motor vehicles.

22 (c) "Nonprofit organization, corporation, or association" means
23 an organization, corporation, or association exempt from tax under
24 section 501(c) (3), (4), or (10) of the federal internal revenue code
25 (26 U.S.C. Sec. 501(c) (3), (4), or (10)).

26 (d) "Project" means the construction of new structures, the
27 acquisition and installation of fixtures that are permanently affixed
28 to and become a physical part of those structures, and site
29 preparation. For purposes of this subsection, structures do not
30 include parking facilities used for motor vehicles that are not on
31 display or part of the museum collection.

32 (e) "Site preparation" includes soil testing, site clearing and
33 grading, demolition, or any other related activities that are
34 initiated before construction. Site preparation does not include
35 landscaping services or landscaping materials.

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