

SENATE BILL REPORT

SB 5409

As Reported by Senate Committee On:
Agriculture, Water, Trade & Economic Development, February 7, 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].

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)

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.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

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: 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: 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: No one.