

# HOUSE BILL REPORT

## HB 2024

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**As Passed House:**  
February 26, 2022

**Title:** An act relating to a sales and use tax deferral for projects to improve the state route number 520 corridor.

**Brief Description:** Concerning a sales and use tax deferral for projects to improve the state route number 520 corridor.

**Sponsors:** Representatives Fey, Valdez, Macri and Pollet.

**Brief History:**

**Committee Activity:**

Transportation: 1/25/22, 2/1/22 [DP];  
Finance: 2/7/22, 2/17/22 [DP].

**Floor Activity:**

Passed House: 2/26/22, 92-3.

**Brief Summary of Bill**

- Extends the deferral period from five years to 24 years, for sales and use taxes associated with the State Route 520 bridge replacement and high-occupancy vehicle project.

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### HOUSE COMMITTEE ON TRANSPORTATION

**Majority Report:** Do pass. Signed by 29 members: Representatives Fey, Chair; Wylie, 1st Vice Chair; Bronoske, 2nd Vice Chair; Ramos, 2nd Vice Chair; Barkis, Ranking Minority Member; Eslick, Assistant Ranking Minority Member; Robertson, Assistant Ranking Minority Member; Volz, Assistant Ranking Minority Member; Berry, Chapman, Dent, Donaghy, Duerr, Entenman, Goehner, Griffey, Hackney, Klicker, McCaslin, Orcutt, Paul, Ramel, Riccelli, Slatter, Sutherland, Taylor, Valdez, Walsh and Wicks.

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

**Staff:** David Munnecke (786-7315).

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## HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 16 members: Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Chase, Chopp, Harris-Talley, Morgan, Orwall, Ramel, Springer, Stokesbary, Thai, Vick, Wylie and Young.

**Minority Report:** Without recommendation. Signed by 1 member: Representative Dufault, Assistant Ranking Minority Member.

**Staff:** Tracey Taylor (786-7152).

### **Background:**

The original Evergreen Point floating bridge was a toll bridge across Lake Washington that opened to traffic in 1963, with two general-purpose lanes in each direction. The replacement floating bridge, which opened to traffic in 2016, was constructed by the State Route 520 (SR 520) bridge replacement and high-occupancy vehicle (HOV) project. This new bridge is also tolled and consists of two general-purpose lanes and one HOV lane in each direction.

State and local sales and use tax due on site acquisition, construction, and equipment related to the SR 520 bridge replacement and HOV project may be deferred until the fifth calendar year after the project is operationally complete, and is then due in equal yearly installments over the next decade. These payments are currently scheduled to begin by the end of 2022.

### **Summary of Bill:**

The deferral period for sales and use taxes associated with the SR 520 bridge replacement and HOV project is extended from the fifth calendar year after completion of the project to the twenty-fourth.

The bill is exempted from the requirements related to tax preference expiration and performance statements.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on July 1, 2022.

**Staff Summary of Public Testimony (Transportation):**

(In support) There is a shortfall in the funding needed for the completion of the SR 520 corridor. Along with deferring the construction of another Montlake bridge, extending the deferral of the sales and use tax to the twenty-fourth year after completion will allow for the issuance of more bonds to cover the current funding shortfall.

(Opposed) None.

**Staff Summary of Public Testimony (Finance):**

(In support) There is a revenue shortfall to fund the planned transportation projects in Washington. The costs associated with these projects have increased, including those costs associated with the west end of the SR 520 bridge. A delay in the repayment of the deferred sales and use taxes on the SR 520 bridge project will allow Washington to issue bonds to continue the planned transportation projects and move this necessary improvement to our transportation infrastructure.

(Opposed) None.

**Persons Testifying (Transportation):** Representative Jake Fey, prime sponsor.

**Persons Testifying (Finance):** Representative Jake Fey, prime sponsor.

**Persons Signed In To Testify But Not Testifying (Transportation):** None.

**Persons Signed In To Testify But Not Testifying (Finance):** None.