

HOUSE BILL REPORT

HB 1465

As Reported By House Committee On:
Revenue

Title: An act relating to continuing tax deferral programs.

Brief Description: Continuing tax deferral programs.

Sponsors: Representatives Kessler, Wineberry, Sheldon, Basich, Linville, Riley, Jones, Holm, Miller, Roland, Quall and Mastin.

Brief History:

Reported by House Committee on:
Revenue, March 4, 1993, DP.

HOUSE COMMITTEE ON REVENUE

Majority Report: Do pass. Signed by 16 members: Representatives G. Fisher, Chair; Holm, Vice Chair; Foreman, Ranking Minority Member; Fuhrman, Assistant Ranking Minority Member; Anderson; Brown; Cothorn; Leonard; Morris; Romero; Rust; Silver; Talcott; Thibaudeau; Van Luven; and Wang.

Staff: Rick Peterson (786-7150).

Background: Two sales tax deferral programs were created in 1985 and 1986. Both programs provide for a deferral of state and local sales and use tax liability on acquisitions of equipment and construction of facilities for manufacturers as well as research and development firms. Repayment takes place over a five year period beginning three years after completion of the project.

Under one deferral program, new facilities built anywhere in the state are eligible. Under the other program, new and remodeled facilities in distressed areas are eligible. A distressed area is a county or metropolitan statistical area with an unemployment rate at least 20 percent higher than the statewide average for the prior three years.

A third program provides a B&O tax credit of \$1,000 for each job created in a distressed area.

All three programs terminate July 1, 1994.

Summary of Bill: The sales tax deferral and job creation B&O credit programs are extended until July 1, 2000.

Fiscal Note: Available.

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

Testimony For: This bill is good for both urban and rural areas: Cities may be able to use this money to diversify the economy; and in rural areas, new jobs can be developed. These deferral programs offer incentives for out-of-state and foreign companies. Washington State will attract more new business with a tax deferral program that is going to last for a while. The research and development jobs being created are higher than average wages.

Testimony Against: None.

Witnesses: Representative Kessler, prime sponsor; Representative Sheldon; Pam Brown, Lewis County Economic Development Commission; Dennis Matson, Department of Trade and Economic Development; Scott Taylor, Washington Public Ports Association; and Jerry Wallen, Grant County Economic Development Commission (all in favor).