

2 **SHB 2708** - S AMD - 296
3 By Senators Snyder and Rinehart

4 WITHDRAWN 3/7/96

5 Strike everything after the enacting clause and insert the
6 following:

7 "NEW SECTION. **Sec. 1.** (1) The legislature finds that:

8 (a) Washington's tax structure as it applies to warehouse and
9 distribution businesses is often cited as a deterrent to economic
10 development;

11 (b) The retail sales tax applies to labor and materials used to
12 construct new warehouse and distribution facilities and to renovate
13 existing facilities. Because of the broad tax base and the high tax
14 rate, the retail sales tax may inhibit the development of new warehouse
15 and distribution businesses and expansion by existing businesses; and

16 (c) The business and occupation tax applies to gross receipts from
17 engaging in business regardless of whether the business is profitable.

18 (2) The intent of this act is to require a study to determine
19 whether and to what extent state taxes play a competitive role in
20 choosing the interstate location for new international and domestic
21 warehouse and distribution businesses and expansion by existing
22 international and domestic distribution and warehouse businesses.

23 If it is determined that state taxes are a significant factor in
24 location decisions, the study shall also:

25 (a) Analyze how the current tax structure affects warehouse and
26 distribution businesses;

27 (b) Consider alternative methods of taxing warehouse and
28 distribution business investment;

29 (c) Identify the effects of tax incentives for warehouse and
30 distribution businesses; and

31 (d) Recommend to the legislature sales and use tax changes that
32 might result in more equitable taxation of warehouse and distribution
33 businesses while preserving a stable source of revenue for funding
34 public services in the future.

1 NEW SECTION. **Sec. 2.** (1) The department of revenue shall, if the
2 sum of forty-five thousand dollars is appropriated for that purpose,
3 and if at least forty-five thousand dollars is provided toward the cost
4 of the study from other public or private sources, conduct a study to
5 determine whether and to what extent state taxes play a competitive
6 role in choosing the interstate location for new international and
7 domestic warehouse and distribution businesses and expansion by
8 existing international and domestic warehouse and distribution
9 businesses.

10 (2) If it is determined that state taxes are a significant factor
11 in location decisions, the study shall:

12 (a) Determine the current and potential impact of warehouse and
13 distribution business activity on the Washington economy;

14 (b) Identify the state of Washington's competitors for warehouse
15 and distribution business investment, and evaluate this state's
16 competitive status;

17 (c) Analyze how the current tax structure affects warehouse and
18 distribution business activity;

19 (d) Identify the effects of tax incentives for warehouse and
20 distribution businesses; and

21 (e) Consider such other factors related to warehouse and
22 distribution businesses as appropriate.

23 (3) To perform this study, the department of revenue shall form an
24 advisory study committee with representation from warehouse and
25 distribution businesses interests, commercial and industrial real
26 estate and development, agriculture, wholesale and retail trade,
27 economic development councils, and public ports. The advisory
28 committee shall include, but need not be limited to, two members from
29 the house of representatives and two members from the senate. The
30 advisory committee may also include representatives from other groups
31 with an interest in freight movement, as well as tax policy experts
32 from the academic, legal, and business communities.

33 (4) The director of revenue, or the director's designee, shall
34 chair the advisory committee, and the department of revenue shall
35 provide staff for proposes of the study.

36 (5) The department of revenue shall present a final report of the
37 findings of the study to the committees of the legislature that deal
38 with revenue matters by December 31, 1996.

1 NEW SECTION. **Sec. 3.** If specific funding in the amount of
2 forty-five thousand dollars for the purposes of this act, referencing
3 this act by bill or chapter number, is not provided by June 30, 1996,
4 in the omnibus appropriations act, and if forty-five thousand dollars
5 is not provided toward the cost of the study from other public and
6 private sources, this act is null and void."

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10 On page 1, line 2 of the title, after "activity;" strike the
11 remainder of the title and insert "and creating new sections."

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