

HOUSE BILL REPORT

SB 6668

As Reported By House Committee On:

Finance

Title: An act relating to tax deferrals for new thoroughbred race tracks.

Brief Description: Extending tax deferrals for new thoroughbred race tracks.

Sponsors: Senators Heavey, Schow, Anderson, West, T. Sheldon, Rasmussen, Strannigan and Johnson.

Brief History:

Committee Activity:

Finance: 2/26/98, 3/2/98 [DP].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 13 members: Representatives B. Thomas, Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Mason; Morris; Pennington; Schoesler and Thompson.

Minority Report: Do not pass. Signed by 1 member: Representative Carrell, Vice Chairman.

Staff: Rick Peterson (786-7150).

Background: In 1995, the Legislature provided a sales and use tax deferral for the materials, equipment and labor used to construct or equip the new thoroughbred horse racing facility, Emerald Downs. The taxes are deferred, interest free, for a five-year period of time. The taxes are required to be repaid over a ten-year period. Repayment of the tax is scheduled to begin on December 31, 2001.

Summary of Bill: The date on which the repayment of the deferred sales and use taxes for the construction of the new thoroughbred horse racing facility begins is extended by five years to December 31, 2006.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For: The deferral of sales tax helped build the western Washington horse race track. But the track is not making money yet. The track is running an annual deficit of \$2 million now. We need to extend the sales tax deferral for another 5 years. This will take the pressure off. The higher purses are already drawing more and higher quality horses. The track will eventually get back to the level of activity of Longacres but it will take some time. The entire horse industry depends on the success of Emerald Downs.

Testimony Against: None.

Testified: Jim Halstrom, Emerald Racing Association (pro); and Eddie Armstrong, Washington State Horse Council (pro).