

SENATE BILL REPORT

ESSB 6050

As Passed Senate, January 28, 1998

Title: An act relating to tax exemptions for state route number 16 corridor improvements constructed under chapter 47.46 RCW.

Brief Description: Providing tax exemptions for state route number 16 corridor improvements constructed under chapter 47.46 RCW.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senator Oke).

Brief History:

Committee Activity: Transportation: 3/6/97 [DP-WM].

Ways & Means: 3/27/97, 4/3/97 [DPS].

Passed Senate, 4/17/97, 44-1.

Passed Senate, 1/28/98, 36-13.

SENATE COMMITTEE ON TRANSPORTATION

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Benton, Vice Chair; Wood, Vice Chair; Goings, Haugen, Heavey, Jacobsen, Morton, Oke and Patterson.

Staff: Gene Schlatter (786-7316)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Substitute Senate Bill No. 6050 be substituted therefor, and the substitute bill do pass.

Signed by Senators West, Chair; Deccio, Vice Chair; Strannigan, Vice Chair; Bauer, Brown, Hochstatter, Rossi, Schow, Sheldon, Snyder and Winsley.

Staff: David Schumacher (786-7474)

Background: The leasehold excise tax is an annual tax levied on private users of publicly-owned real or personal property. The tax is imposed at a rate of 12.84 percent of the annual contract rent paid by the user. The revenue from this tax is distributed to the general fund and the city or county in which the property is located.

Sales tax is imposed on retail sales of most items of tangible personal property and some services. Use tax is imposed on the use of an item in this state, when the acquisition of the item has not been subject to sales tax. The combined state and local sales and use tax rate is between 7 percent and 8.6 percent, depending upon location.

Summary of Bill: The construction on State Route 16 corridor improvements, including the Tacoma Narrows Bridge, under the Department of Transportation's public-private initiatives program is exempt from paying the leasehold excise tax for the use of state-owned right-of-way and other existing state facilities.

State and local sales tax is deferred for five years to be repaid over 10 years.

Appropriation: None.

Fiscal Note: Requested.

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

Testimony For: This project will be a public/private partnership. We should do what we can to reduce the costs of this project. This bill will reduce tolls for the users.

Testimony Against: None.

Testified: Senator Oke, prime sponsor.