

Finance Committee

HB 2144

Brief Description: *Providing tax deferrals for theme parks.*

Sponsors: *Representatives Kirby, Cairnes, Talcott, Fisher, Van Luven, Darneille and Morris.*

Brief Summary of Bill

- *Defers/exempts sales and use tax on development of new theme park.*

Hearing Date: *3/2/01*

Staff: *Rick Peterson (786-7150).*

Background:

The 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 or service has not been subject to sales tax. Taxable services include construction, repair, telephone, and some recreation and amusement services. The combined state and local sales and use tax rate is between 7 and 8.6 percent, depending on location.

There are several sales and use tax deferral/exemption incentives to encourage economic activity. These deferral/exemption programs cover the following: manufacturing, research and development, and computer related services businesses in rural counties; high technology research and development, and pilot scale manufacturing facilities; the new Narrows Bridge; a horse racing track; a baseball stadium; and a football stadium. The deferrals for the football stadium, baseball stadium, horse racing track, and new Narrows Bridge require payment of the tax after a deferral period. The rural manufacturing program and the high technology program do not require payment of the deferred tax as long as the facilities continue to be used for their original purpose.

Summary of Bill:

A new sales and use tax deferral/exemption program is created for theme parks. The deferral/exemption covers the tax on construction of structures, site preparation, and related machinery and equipment that are an integral and necessary part of a theme park. A theme park is an entertainment facility that has a wide variety of activities and is designed around a particular subject or idea. An eligible theme park must be at least 80 acres in size and construction must begin after January 1, 2001, and before July 1, 2003. The sales and use tax is not repaid if the facility is used for a theme park for the 8 years after it is operationally complete. If the facility is no longer used as a theme park within the 8 year period, a proportionate amount of the deferred tax is repaid.

Appropriation: None.

Fiscal Note: Requested on February 19, 2001.

Effective Date: The bill takes effect on August 1, 2001.