

SENATE BILL REPORT

SB 5614

As Passed Senate, April 15, 2003

Title: An act relating to extending the expiration date on the rural county sales and use tax deferral program.

Brief Description: Extending the expiration date on the rural county sales and use tax deferral program.

Sponsors: Senators T. Sheldon, Hale, Mulliken and Schmidt.

Brief History:

Committee Activity: Economic Development: 2/14/03, 2/19/03 [DP-WM, DNP].

Ways & Means: 2/25/03, 4/7/03 [DP].

Passed Senate: 4/15/03, 37-12.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT

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

Signed by Senators T. Sheldon, Chair; Zarelli, Vice Chair; Benton, Hale, Rossi, Schmidt and Shin.

Minority Report: Do not pass.

Signed by Senator Kohl-Welles.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Doumit, Hale, Honeyford, Johnson, Parlette, Roach, Sheahan and Winsley.

Staff: Terry Wilson (786-7433)

Background: Washington has developed various tax incentives designed to assist in job creation or retention in rural counties. Persons engaged in manufacturing, research and development, or computer service businesses in rural counties may receive a sales and use tax deferral on buildings, machinery and equipment, and installation labor. The taxes deferred need not be repaid unless the business fails to maintain operations for eight years or fails to submit required reports.

The rural county sales and use tax deferral program expires July 1, 2004.

Summary of Bill: The rural county sales and use tax deferral program is extended to July 1, 2008.

Appropriation: None.

Fiscal Note: Available.

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

Testimony For (Economic Development): This program is the only real competitive marketing advantage rural communities have. It is highly valued. It is of particular value in competing with potential sites in Oregon, which has no sales tax. It is a strong tool that needs to be continued. It would be a detriment to lose this incentive.

Testimony Against (Economic Development): None.

Testified (Economic Development): Scott Taylor, WA Public Ports; Dave Ripp, Port of Woodland; Rick Wickman, Port of Longview; Ron Newbry, WA Economic Dev. Assn.; Michael Tracy, Grays Harbor EDC.

Testimony For (Ways & Means): This program is useful to community empowerment zones in addition to rural counties. It is an incentive that is used a lot. Rural ports use this to attract business. The businesses use the money to increase investment, create more jobs, etc. The benefits received are not reflected in the fiscal note. It is important in business decisions to locate in this state.

Testimony Against (Ways & Means): None.

Testified (Ways & Means): PRO: Senator T. Sheldon, prime sponsor; Scott Taylor, WA Public Ports Assn; Ron Newbury, WA Economic Development Assn.