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**Transportation Committee**

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**HB 1865**

**Brief Description:** Modifying sales and use taxation related to the state route 16 corridor improvements project.

**Sponsors:** Representatives Kilmer, Woods, Lantz, Appleton, Talcott, Green and Williams.

**Brief Summary of Bill**

- The Tacoma Narrows Bridge project is exempt from state sales and use taxes.
- Road and bridge projects that are funded a minimum of 80% by direct user fees are exempt from sales and use taxes.

**Hearing Date:** 2/24/05

**Staff:** Gary Lebow (786-7304).

**Background:**

State construction projects are imposed sales and use taxes authorized by 82.08, 82.12 and 82.14 RCW. The taxes are imposed on labor, materials, services and equipment which is essentially the entire contract.

The Tacoma Narrows Bridge toll project currently has a sales and use tax deferral. The taxes are deferred for 5 years after tolling is commenced which is currently estimated to begin in 2007. In 2012, the tax would become due and is payable in 10 equal and annual installments.

**Summary of Bill:**

The Tacoma Narrows Bridge project is exempt from sales and use taxes authorized under 82.08 and 82.12 RCW. Local sales and use taxes imposed by 82.14 remain deferred.

Road and bridge projects where a minimum 80% of the cost is paid or recovered through direct user fees are exempt from the sales and use taxes.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.