

SENATE BILL REPORT

SB 6073

As of February 7, 2012

Title: An act relating to sales and use taxes related to the state route number 16 corridor improvements project.

Brief Description: Concerning sales and use taxes related to the state route number 16 corridor improvements project.

Sponsors: Senators Kilmer, Regala, Rolfes and Carrell.

Brief History:

Committee Activity: Ways & Means: 2/06/12.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: Retail sales and use taxes are imposed by the state, most cities, and all counties. Retail sales taxes are imposed on retail sales of most articles of tangible personal property and some services including state construction projects. If retail sales taxes were not collected when the property or services were acquired by the user, then use taxes apply to the value of most tangible personal property and some services when used in this state. Use tax rates are the same as retail sales tax rates.

A new suspension bridge was built next to the old Tacoma Narrows Bridge. The new bridge on State Route 16 opened July 16, 2007. The old bridge retrofit was completed in the spring of 2008. The old span takes drivers westbound on two general purpose lanes and one carpool lane. The new bridge carries eastbound traffic on two general purpose lanes, one carpool lane and a fourth drop lane. The Tacoma Narrows Bridge toll project has a sales and use tax deferral. The taxes are deferred for five years after tolls on the new project started. Beginning in December 2012, the deferred tax becomes due and is payable in ten annual installments.

Tolls are expected to increase this year due to lower than anticipated toll receipts, increased debt service payments coming due, a mandated minimum fund balance, and deferred sales taxes coming due.

Summary of Bill: The bill as referred to committee not considered.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary of Bill (Proposed Substitute): State sales and use taxes imposed on the Tacoma Narrows Bridge project, for which a deferral has been granted, are to begin repayment after eleven years instead of five.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: As we currently stand, the sales tax paid on the Narrows Bridge will exceed the state contributions to the project. The administrative costs of tolling are already built in to the costs of the tolls. To add in sales tax is adding insult to injury. I am concerned about the business community. I talked to a painting business that already pays \$3,500 per year in tolls and soon that will increase to \$6,800.

Persons Testifying: PRO: Rob Karlinsey, City of Gig Harbor; Mayor Hunter, City of Gig Harbor; Derek Young, City Councilman, Gig Harbor; Warren Zimmerman; President Gig Harbor Chamber of Commerce.