

# SENATE BILL REPORT

## SSB 6073

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As Passed Senate, March 5, 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:** Senate Committee on Ways & Means (originally sponsored by Senators Kilmer, Regala, Rolfes and Carrell).

**Brief History:**

**Committee Activity:** Ways & Means: 2/06/12, 2/27/12 [DPS, DNP].

Passed Senate: 3/05/12, 45-3.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 6073 be substituted therefor, and the substitute bill do pass.

Signed by Senators Murray, Chair; Kilmer, Vice Chair, Capital Budget Chair; Zarelli, Ranking Minority Member; Parlette, Ranking Minority Member Capital; Baumgartner, Brown, Conway, Fraser, Harper, Hatfield, Hewitt, Holmquist Newbry, Kastama, Keiser, Kohl-Welles, Pridemore and Regala.

**Minority Report:** Do not pass.

Signed by Senators Honeyford, Padden and Schoesler.

**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

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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 Substitute Bill:** State sales and use taxes imposed on the Tacoma Narrows Bridge project, for which a deferral has been granted, are to begin repayment after 11 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: Mayor Hunter, Rob Karlinsey, City of Gig Harbor; Derek Young, City Councilman, Gig Harbor; Warren Zimmerman; President Gig Harbor Chamber of Commerce.