
HOUSE BILL 1839

State of Washington

66th Legislature

2019 Regular Session

By Representatives Sullivan, MacEwen, Pettigrew, Springer, Vick, and Valdez

Read first time 02/01/19. Referred to Committee on Finance.

1 AN ACT Relating to requiring eligible arena projects to fully pay
2 the state and local sales tax within ten years of commencing
3 construction; adding a new section to chapter 82.32 RCW; creating a
4 new section; providing an expiration date; and declaring an
5 emergency.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

7 NEW SECTION. **Sec. 1.** (1) This section is the tax preference
8 performance statement for the tax preference contained in section 2,
9 chapter . . ., Laws of 2019 (section 2 of this act). This performance
10 statement is only intended to be used for subsequent evaluation of
11 the tax preference. It is not intended to create a private right of
12 action by any party or be used to determine eligibility for
13 preferential tax treatment.

14 (2) The legislature categorizes this tax preference as one
15 intended to provide tax relief for certain businesses or individuals
16 and to accomplish a general purpose as indicated in RCW 82.32.808(2)
17 (e) and (f).

18 (3) It is the legislature's specific public policy objective to
19 increase the fiscal stability of multipurpose sports and
20 entertainment arenas in Washington state and thereby strengthen the

1 economic vitality of the communities in which the arenas and practice
2 facilities are located.

3 (4) To measure the effectiveness of the tax preference in
4 achieving the specific public policy objective described in this act,
5 the joint legislative audit and review committee must evaluate this
6 tax preference. In evaluating the tax preference, the joint
7 legislative audit and review committee may refer to data provided to
8 the department of revenue.

9 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.32
10 RCW to read as follows:

11 (1) Until October 1, 2019, a qualifying business may apply for a
12 payment plan for taxes on an eligible project. Application must be
13 made to the department in a form and manner prescribed by the
14 department. The application must contain information regarding the
15 location of the project, estimated or actual costs of the project,
16 time schedules for completion and operation of the project, and other
17 information required by the department. The department must rule on
18 the application within sixty days.

19 (2) If the department approves an application for a tax payment
20 plan under this section, the department must issue a sales and use
21 tax payment plan certificate for state and local sales and use taxes
22 due under chapters 82.08, 82.12, 82.14, and 81.104 RCW. This
23 certificate expires on the date the eligible project becomes
24 operationally complete. The certificate may only be used for sales
25 and use tax liability incurred after the date the department issued
26 the certificate.

27 (3) A recipient of a certificate must notify the department when
28 its eligible project is operationally complete. The department must
29 review the qualifying business's records after the eligible project
30 is operationally complete to ensure the correct amount of taxes has
31 been reported and will be repaid.

32 (4) The recipient of the certificate must begin paying the sales
33 and use taxes in the first calendar year after the date certified by
34 the department as the date on which the eligible project is
35 operationally complete. The first payment is due on January 1st of
36 the first calendar year after such certified date, with subsequent
37 annual payments due on January 1st of the following eight years. Each
38 payment must equal twelve and one-half percent of the tax due plus
39 interest. The department must assess interest, but not penalties, on

1 the deferred taxes. The interest must be assessed at the rate
2 provided for delinquent taxes under this chapter, retroactively to
3 the date the project was certified to be operationally complete, and
4 will accrue until the deferred taxes are repaid.

5 (5) The department may authorize an accelerated repayment
6 schedule upon request of the qualifying business.

7 (6) The debt for taxes due is not extinguished by insolvency or
8 other failure of the qualifying business. Transfer of ownership does
9 not terminate the payment plan if the transferee agrees in writing to
10 be bound by the requirements of this section and receives approval
11 from the department. If the department approves the transfer of the
12 deferral to a transferee, such approval not to be unreasonably
13 withheld, conditioned, or delayed, the transferee is solely liable
14 for repayment of the deferred taxes.

15 (7) If the eligible project is not operationally complete within
16 three calendar years from the date that the department issued the
17 certificate for the project, or if at any time the department finds
18 that the project is not eligible for a tax payment plan under this
19 section, the amount of taxes outstanding for the project is
20 immediately due and payable. If taxes must be repaid under this
21 subsection, the department must assess interest at the rate provided
22 for delinquent taxes under this chapter retroactively to the date of
23 issuance of the certificate, but not penalties, on amounts due under
24 this subsection.

25 (8) Applications and any other information received by the
26 department under this section are not confidential under RCW
27 82.32.330. This chapter applies to the administration of this
28 section.

29 (9) The definitions in this subsection apply throughout this
30 section unless the context clearly requires otherwise.

31 (a) "Eligible project" means a project consisting of either or
32 both (i) a qualifying arena, associated parking structures, plazas,
33 public spaces, and one or more tunnels connecting the arena and
34 parking structures, or (ii) an ice hockey practice facility.

35 (b) "Ice hockey practice facility" means one or more contiguous
36 structures of up to two hundred thousand square feet located within
37 ten miles of a qualifying arena that (i) contains at least three ice
38 rinks, and (ii) is being developed to attract a professional ice
39 hockey franchise. An "ice hockey practice facility" may include ice
40 rinks, spectator viewing locations, locker rooms, strength and

1 conditioning rooms, administrative offices, retail space, food
2 service facilities, and other amenities related to the operation of a
3 state-of-the-art ice hockey center.

4 (c) "Operationally complete" means the project is capable of
5 being used for its intended purpose as described in the application.

6 (d) "Personal property" means tangible personal property with a
7 useful life of one year or more that is used in the operation of the
8 eligible project.

9 (e) "Project" means the construction of new improvements, the
10 renovation of existing improvements, the acquisition and installation
11 of fixtures that are permanently affixed to and become a physical
12 part of those improvements, personal property, and site preparation.
13 "Project" includes materials used and labor and services rendered in
14 respect to the planning, site preparation, construction, renovation,
15 and installation.

16 (f) "Qualifying arena" means a multipurpose sports and
17 entertainment facility owned by the largest city in a county with a
18 population of at least one million five hundred thousand that is
19 being redeveloped to attract professional ice hockey and basketball
20 league franchises.

21 (g) "Qualifying business" means a business entity that exists for
22 the primary purpose of engaging in commercial activity for profit and
23 has entered into a lease or occupancy agreement with the fee owner of
24 a qualifying arena and/or ice hockey practice facility to engage in
25 the development of an eligible project.

26 (h) "Site preparation" includes soil testing, site clearing and
27 grading, demolition, or any other related activities that are
28 initiated before construction.

29 (10) This section expires January 1, 2030.

30 NEW SECTION. **Sec. 3.** This act is necessary for the immediate
31 preservation of the public peace, health, or safety, or support of
32 the state government and its existing public institutions, and takes
33 effect immediately.

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