
SENATE BILL 5950

State of Washington

67th Legislature

2022 Regular Session

By Senators Conway, Gildon, and Trudeau

Read first time 01/26/22. Referred to Committee on Ways & Means.

1 AN ACT Relating to forgiving the first two payments due under the
2 sales and use tax deferral for historic auto museums in response to
3 operational delays caused by the COVID-19 pandemic; amending RCW
4 82.32.580; creating a new section; making an appropriation; and
5 providing an expiration date.

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

7 **Sec. 1.** RCW 82.32.580 and 2017 3rd sp.s. c 37 s 902 are each
8 amended to read as follows:

9 (1) The governing board of a nonprofit organization, corporation,
10 or association may apply for deferral of taxes on an eligible
11 project. Application must be made to the department in a form and
12 manner prescribed by the department. The application must contain
13 information regarding the location of the project, estimated or
14 actual costs of the project, time schedules for completion and
15 operation of the project, and other information required by the
16 department. The department must rule on the application within sixty
17 days. All applications for the tax deferral under this section must
18 be received no later than December 31, 2008.

19 (2) The department must issue a sales and use tax deferral
20 certificate for state and local sales and use taxes due under
21 chapters 82.08, 82.12, and 82.14 RCW on each eligible project.

1 (3) (a) Deferred tax payments due on December 31st of calendar
2 years 2022 and 2023 need not be repaid. Payments must resume in
3 calendar year 2024 and are due by December 31st of each calendar year
4 thereafter, as provided in (b) of this subsection.

5 (b) The nonprofit organization, corporation, or association must
6 begin paying the deferred taxes in the (~~tenth~~) 12th year after the
7 date certified by the department as the date on which the eligible
8 project is operationally complete. The first payment is due on
9 December 31st of the (~~tenth~~) 12th calendar year after such
10 certified date, with subsequent annual payments due on December 31st
11 of the following (~~nine~~) seven years. Each payment must equal ten
12 percent of the deferred tax.

13 (4) The department may authorize an accelerated repayment
14 schedule upon request of the nonprofit organization, corporation, or
15 association.

16 (5) Except as provided in subsection (6) of this section,
17 interest may not be charged on any taxes deferred under this section
18 for the period of deferral. The debt for deferred taxes is not
19 extinguished by insolvency or other failure of the nonprofit
20 organization, corporation, or association.

21 (6) If the project is not operationally complete within five
22 calendar years from issuance of the tax deferral or if at any time
23 the department finds that the project is not eligible for tax
24 deferral under this section, the amount of deferred taxes outstanding
25 for the project is immediately due and payable. If deferred taxes
26 must be repaid under this subsection, the department must assess
27 interest, but not penalties, on amounts due under this subsection.
28 Interest must be assessed at the rate provided for delinquent taxes
29 under this chapter, retroactively to the date of deferral, and
30 accrues until the deferred taxes due are repaid.

31 (7) Applications and any other information received by the
32 department of revenue under this section are not confidential under
33 RCW 82.32.330. This chapter applies to the administration of this
34 section.

35 (8) This section applies to taxable eligible project activity
36 that occurs on or after July 1, 2007.

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

39 (a) "Eligible project" means a project that is used primarily for
40 a historic automobile museum.

1 (b) "Historic automobile museum" means a facility owned and
2 operated by a nonprofit organization, corporation, or association
3 that is used to maintain and exhibit to the public a collection of at
4 least five hundred motor vehicles.

5 (c) "Nonprofit organization, corporation, or association" means
6 an organization, corporation, or association exempt from tax under
7 section 501(c) (3), (4), or (10) of the federal internal revenue code
8 (26 U.S.C. Sec. 501(c) (3), (4), or (10)).

9 (d) "Project" means the construction of new structures, the
10 acquisition and installation of fixtures that are permanently affixed
11 to and become a physical part of those structures, and site
12 preparation. For purposes of this subsection, structures do not
13 include parking facilities used for motor vehicles that are not on
14 display or part of the museum collection.

15 (e) "Site preparation" includes soil testing, site clearing and
16 grading, demolition, or any other related activities that are
17 initiated before construction. Site preparation does not include
18 landscaping services or landscaping materials.

19 (10) This section expires July 1, 2032.

20 NEW SECTION. **Sec. 2.** (1) This section is the tax preference
21 performance statement for the tax preference contained in section 1,
22 chapter . . . , Laws of 2022 (section 1 of this act). This performance
23 statement is only intended to be used for subsequent evaluation of
24 the tax preference. It is not intended to create a private right of
25 action by any party or be used to determine eligibility for
26 preferential tax treatment.

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

31 (3) It is the legislature's specific public policy objective to
32 increase the fiscal stability of historic automobile museums in
33 Washington state and, thereby, strengthen the economic vitality of
34 the communities in which the museums are located.

35 (4) To measure the effectiveness of the tax preference in section
36 1, chapter . . . , Laws of 2022 (section 1 of this act) in achieving
37 the specific public policy objective described in subsection (3) of
38 this section, the joint legislative audit and review committee must
39 evaluate this tax preference. In evaluating the tax preference, the

1 joint legislative audit and review committee may refer to data
2 provided to the department of revenue.

3 NEW SECTION. **Sec. 3.** The sum of \$120,000 dollars, or as much
4 thereof as may be necessary, is appropriated for the fiscal year
5 ending June 30, 2022, from the general fund to the department of
6 revenue for the purposes of making distributions to the county that
7 would otherwise receive deferred sales tax payments if not for
8 section 1 of this act.

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