
HOUSE BILL 2032

State of Washington

66th Legislature

2019 Regular Session

By Representative Tarleton

1 AN ACT Relating to providing a tax deferral for the expansion of
2 certain existing public facilities district convention centers;
3 amending RCW 36.100.090; and creating new sections.

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

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

12 (2) The legislature categorizes this tax preference as intended
13 to provide tax relief for certain businesses or individuals, as
14 indicated in RCW 82.32.808(2)(e).

15 (3) It is the legislature's specific public policy objective to
16 insure plans to expand an existing public facilities district
17 convention center located in a county with a population of one
18 million five hundred thousand or more may proceed on schedule to take
19 advantage of attractive financing and construction costs.

1 (4) The legislature finds that the state derives certain economic
2 benefits from the earliest completion date for the convention
3 center's expansion to be in operation:

4 (a) The loan will be able to take advantage of low interest rates
5 available in the near term, reducing the total cost of loan
6 repayment;

7 (b) The state will realize additional tax benefits generated by
8 implementation and operation of the expanded center by events
9 occupying the facility and spending money on hotel rooms,
10 restaurants, transportation, and other services generating taxes and
11 jobs; and

12 (c) The convention center will begin generating additional
13 revenues earlier, enabling timely loan repayment.

14 (5) Therefore, in reviewing the success of this tax preference,
15 the joint legislative audit and review committee must assess:

16 (a) Whether the interest rate obtained on the loan was lower than
17 it would have been, if the loan was obtained twenty-four months
18 later;

19 (b) Whether construction costs at the time that meaningful
20 construction begins are lower than such costs would have been, if
21 meaningful construction began two years later; and

22 (c) Whether the expanded convention center generated increased
23 revenues, as measured three years after completion of an expanded
24 facility, and as compared to the center's average revenues over the
25 two-year period prior to such completion.

26 (6) For purposes of this section, "meaningful construction" means
27 an active construction site, where excavation of a building site,
28 laying of a building foundation, or other tangible signs of
29 construction are taking place, such that a progression in the
30 construction process is clearly demonstrated. Planning, permitting,
31 or land clearing before excavation of a building site, without more,
32 does not constitute meaningful construction.

33 (7) The joint legislative audit and review committee must conduct
34 an assessment to determine progress toward achieving economic
35 benefits by assessing revenues received and projected for the
36 expansion of the existing convention center, as measured three years
37 after an expansion of the existing convention center commences
38 operation.

1 **Sec. 2.** RCW 36.100.090 and 1995 1st sp.s. c 14 s 6 are each
2 amended to read as follows:

3 (1) The governing board of a public facilities district may apply
4 for deferral of taxes on the construction of buildings, site
5 preparation, and the acquisition of related machinery and equipment
6 for a new public facility. Application (~~(shall)~~) must be made to the
7 department of revenue in a form and manner prescribed by the
8 department of revenue. The application (~~(shall)~~) must contain
9 information regarding the location of the public facility, estimated
10 or actual costs, time schedules for completion and operation, and
11 other information required by the department of revenue. The
12 department of revenue (~~(shall)~~) must approve the application within
13 sixty days if it meets the requirements of this section.

14 (2) (a) The department of revenue (~~(shall)~~) must issue a sales and
15 use tax deferral certificate for state (~~(and local)~~) sales and use
16 taxes due under chapters 82.08(~~(7)~~) and 82.12(~~(7, and 82.14)~~) RCW on
17 the public facility. The use of the certificate (~~(shall be)~~) is
18 governed by rules established by the department of revenue.

19 (b) The sales and use tax deferral certificate may only be issued
20 for state sales and use taxes on a public facility as defined in
21 subsection (7)(b) of this section if the public facilities district,
22 as part of the application process, provides the department of
23 revenue a signed affidavit stating that the public facility is
24 designed and shall be constructed to at least the LEED silver
25 standard, as defined in RCW 39.35D.020.

26 (3) (a) The public facilities district (~~(shall)~~) must begin paying
27 the deferred taxes in the (~~(fifth)~~) first year after the date
28 certified by the department of revenue as the date on which the
29 public facility is operationally complete. The first payment is due
30 on December 31st of the (~~(fifth)~~) first calendar year after such
31 certified date, with subsequent annual payments due on December 31st
32 of the following nine years. Each payment (~~(shall)~~) must equal ten
33 percent of the deferred tax.

34 (b) Before the first payment is due under subsection (3)(a) of
35 this section, a public facilities district seeking a deferral for a
36 public facility as defined in subsection (7)(b) of this section must
37 provide to the department of revenue certification from the
38 department of enterprise services that the facility has been
39 constructed to at least the LEED silver standard and is operationally
40 completed. Failure to provide this certification will result in a

1 five million dollar penalty, divided and due in equal amounts with
2 each payment of the deferred tax.

3 (4) The department of revenue may authorize an accelerated
4 repayment schedule upon request of the public facilities district.

5 (5) Interest (~~shall~~) may not be charged on any taxes deferred
6 under this section for the period of deferral, although all other
7 penalties and interest applicable to delinquent excise taxes may be
8 assessed and imposed for delinquent payments under this section. The
9 debt for deferred taxes is not extinguished by insolvency or other
10 failure of the public facilities district.

11 (6) Applications and any other information received by the
12 department of revenue under this section are not confidential and are
13 subject to disclosure. Chapter 82.32 RCW applies to the
14 administration of this section.

15 (7) As used in this section, "public facility" means:

16 (a) A baseball stadium with a retractable roof or canopy and
17 natural turf, but does not include any expansion of an existing
18 baseball stadium that occurs after January 1, 2015; or

19 (b) The expansion of an existing public facilities district
20 convention center located in a county with a population of one
21 million five hundred thousand or more.

22 NEW SECTION. Sec. 3. The provisions of RCW 82.32.805(1)(a) do
23 not apply to this act.

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