RETAIL SALES/USE TAX - DEFERRALS AND CREDITS

36.100.090 BASEBALL STADIUM DEFERRAL

Description: State/local retail sales/use tax may be deferred on construction of a public baseball stadium. Such a stadium must be owned and operated by a public facilities district and the facility must have a retractable roof and natural turf. Deferred sales tax on construction must be repaid over a ten year period, starting on the fifth year after completion. The entire Safeco Field complex was completed in Jan. 2000.

Purpose: To encourage construction of a stadium for professional baseball in King County.

Category/Year Enacted: Business incentive. 1995

Primary Beneficiaries: The public facilities district that operates the stadium and the professional baseball team that plays its home games in the stadium.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$	$	$ (2,473)	$ (2,473)
Local taxes	$	$	$ (799)	$ (799)

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No; the initial repayment of deferred taxes will be due on December 31, 2005.

36.102.070 FOOTBALL STADIUM DEFERRAL

Description: State and local retail sales/use tax may be deferred on construction of a stadium for professional football and soccer and an adjacent exhibition center. The taxes may be deferred until five years after the stadium becomes operational. The Public Stadium Authority operates this facility which was completed during 2002.

Purpose: To encourage construction of a stadium for professional football and soccer in King County.

Category/Year Enacted: Business incentive. 1997

Primary Beneficiaries: The public stadium authority that operates the stadium/exhibition center and the professional football team that plays its home games in the stadium.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000) None during this four year period. The initial repayment of deferred taxes will be due on December 31, 2007.

47.46.060 2nd NARROWS BRIDGE

Description: A five year deferral of state and local retail sales tax is provided for tax paid on construction of a second bridge over Puget Sound at the Tacoma Narrows. The deferral includes related road improvements and the rental of equipment used during construction. Beginning on December 31 of the fifth year following completion of the project, 10 percent of the deferred tax must be repaid annually.

Purpose: To lower the overall cost of the project and to mitigate the amount of tolls necessary to fund repayment of the bonds financing construction costs of the project.

Category/Year Enacted: Business incentive. 1998

Primary Beneficiaries: Ultimately, the drivers who use the highly congested Highway 16 corridor.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 11,878	$ 8,711	$ 4,017	$ 2,169
Local taxes	$ 3,858	$ 2,814	$ 1,327	$ 701

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? The amount of tax that is deferred will be repaid.

82.08.037 BAD DEBTS
82.12.037

Description: A credit or refund against current sales tax liability is allowed for retail sales taxes previously remitted to the state on debts that are deductible as worthless for federal income tax purposes.

Purpose: To limit a seller's tax liability to sales for which the seller actually receives payment.

Category/Year Enacted: Other business. 1982

Primary Beneficiaries: Firms that make sales on credit.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 46,521	$ 49,113	$ 51,850	$ 54,740
Local taxes	$ 13,598	$ 14,356	$ 15,156	$ 16,001

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Unlikely.

82.12.024 NATURAL GAS PURCHASED BY DSI CUSTOMERS

Description: This statute allows a deferral of use tax due on brokered natural gas purchased by a direct service industry (DSI) firm that constructs a new power plant. DSI firms are those which purchase power directly from the Bonneville Power Administration. The amount of deferred brokered natural gas use tax need not be repaid, if the firm continues production and their employment does not drop below base period levels.

Purpose: To encourage DSI firms to continue manufacturing in Washington after existing power contracts with BPA expire by building their own natural gas powered electric generating facilities.

Category/Year Enacted: Business incentive. 2001

Primary Beneficiaries: None to date.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000) No firm has yet to apply for the deferral.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Possibly, although it may be difficult to rescind deferred taxes once a firm has committed to the construction.

82.12.035 TAX PAID IN OTHER STATES

Description: A credit against use tax liability on items brought into Washington is allowed for the amount of retail sales or use taxes paid to another state or political subdivision thereof. The credit is limited to the amount of Washington use tax otherwise due.

Purpose: The primary function of the use tax is to complement the retail sales tax by asserting tax in situations where the Washington retail sales tax did not apply (purchases made in other states, items bought from private parties, etc.). This credit avoids overtaxing items for which tax was legitimately paid to another jurisdiction.

Category/Year Enacted: Tax base. 1967

Primary Beneficiaries: Washington residents who purchase goods and pay sales/use tax thereon outside the state and then import the items into Washington for use in this state.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 50,637	$ 54,283	$ 56,636	$ 59,139
Local taxes	$ 13,244	$ 14,197	$ 14,812	$ 15,467

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Unlikely.

82.32.065 VEHICLES UNDER WARRANTY

Description: A credit or refund of retail sales tax paid is allowed to manufacturers of vehicles, if they refund the sales tax to customers upon the return of new vehicles under the provisions of Chapter 19.118 RCW, the so-called lemon law.

Purpose: To assure that manufacturers are not financially responsible for the sales tax, if they refund the tax previously collected to customers.

Category/Year Enacted: Other business. 1987

Primary Beneficiaries: Manufacturers of new motor vehicles that are found to be defective and ultimately the purchasers of these vehicles.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 174	$ 183	$ 193	$ 202
Local taxes	$ 51	$ 54	$ 56	$ 59

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Unlikely.

82.34.050(2) POLLUTION CONTROL CREDIT

Description: Construction of required pollution control facilities associated with approved applications received between July 30, 1967 and November 30, 1981 were exempt from state retail sales/use tax. If the tax was previously paid, it may be taken as a credit against state B&O, public utility or use taxes.

Purpose: To encourage abatement of pollution and to compensate Washington firms for the costs of upgrading pollution control facilities.

Category/Year Enacted: Other business. 1967; program terminated in 1981, but remaining credits still allowed.

Primary Beneficiaries: Firms required to install pollution control facilities, primarily in the lumber and wood products, paper, aluminum and food products industries. Approximately 60 firms have a remaining credit balance which totals $30 million at the end of FY 2003.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 156	$ 141	$ 127	$ 114
Local taxes	$ 0	$ 0	$ 0	$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Unlikely.

82.60.040 RURAL COUNTY SALES TAX DEFERRAL
82.60.049

Description: Deferral of state and local retail sales/use tax is available for new or remodeled buildings and/or equipment used in manufacturing or R&D in certain areas. To qualify, the project must be located in a county with an average population density of no more than 100 persons per square mile or in a targeted community empowerment zone. Originally the sales/use tax liability was deferred for three years, followed by a five year graduated repayment. Since July 1, 1994 the repayment requirement has been waived (provided program requirements are maintained), thereby making the program an outright exemption. The statute is currently scheduled to expire on July 1, 2004.

Purpose: To encourage manufacturing and R&D activities, and related job creation, in rural areas.

Category/Year Enacted: Business incentive. 1985

Primary Beneficiaries: As of September 2003 approximately 1,317 applications had been received.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 14,000	$ 0	$ 0	$ 0
Local taxes	$ 4,060	$ 0	$ 0	$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

82.63.030 HIGH TECHNOLOGY DEFERRAL

Description: Deferral of state and local retail sales/use tax is allowed for the construction of buildings and acquisition of machinery and equipment for projects involving research and development or pilot scale manufacturing. To qualify, the firm must be engaged in one of five areas related to high technology: advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology. Originally the sales/use tax liability was deferred for three years, followed by a five year graduated repayment. Since 1995 the repayment requirement has been waived (provided program requirements are maintained), thereby making the program an outright exemption. The statute is currently scheduled to expire on July 1, 2004.

Purpose: To stimulate the creation of high wage jobs in high technology industries and ultimately to encourage the expansion of manufacturing in Washington.

Category/Year Enacted: Business incentive. 1994

Primary Beneficiaries: As of April 2003 approximately 298 firms had participated in the program.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 47,500	$ 0	$ 0	$ 0
Local taxes	$ 13,800	$ 0	$ 0	$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

82.66.040 HORSE RACING TRACK DEFERRAL

Description: Deferral of retail sales/use tax was allowed for construction of a thoroughbred horse racing facility in Western Washington, if construction commenced by July 1, 1998. Repayment of the deferred tax must start 10 years after completion of the project and will occur over ten years. The first repayment of deferred tax is due on December 31, 2006.

Purpose: To encourage construction of a track to replace the Longacres facility.

Category/Year Enacted: Business incentive. 1995; repayment period extended to 10 years in 1998.

Primary Beneficiaries: The Emerald Downs track, and the entire horse racing industry in Washington.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000)*	FY 2004	FY 2005	FY 2006	FY 2007
State tax	$ 0	$ 0	$ 0	$ (411)
Local taxes	$ 0	$ 0	$ 0	$ (107)

No new deferrals allowed; the amounts shown reflect repayments of deferred tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No, previously deferred tax is scheduled for repayment over 10 years beginning at the end of 2006.

82.68.030 DEFERRAL FOR PRODUCTION OF ALTERNATIVE FUELS

Description: Deferral of state and local retail sales/use tax is allowed for qualified investment projects relating to facilities for producing alternative fuels, including biodiesel and alcohol fuel. The facility must be located in: (1) a county with an average population density of less than 100 persons per square mile, (2) a county with total population of less than 225,000, if the land area of the county is greater than 225 square miles, or (3) a community empowerment zone if at least one new full-time job is created for each $750,000 of investment. Taxes deferred need not be repaid, if the facility continues in operation for at least seven years following completion. The deferral is scheduled to expire on July 1, 2009.

Purpose: To encourage the manufacturing of biodiesel and alcohol fuels in Washington.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: None to date.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000) There are no known projects at the current time.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.

82.69.030 DEFERRAL FOR PRODUCTION OF WOOD BIOMASS FUELS

Description: Deferral of state and local retail sales/use tax is allowed for qualified investment projects relating to facilities for producing wood biomass fuels. The facility must be located in: (1) a county with an average population density of less than 100 persons per square mile, (2) a county with total population of less than 225,000, if the land area of the county is greater than 225 square miles, or (3) a community empowerment zone if at least one new full-time job is created for each $750,000 of investment. Taxes deferred need not be repaid, if the facility continues in operation for at least seven years following completion. The deferral is scheduled to expire on July 1, 2009.

Purpose: To encourage the manufacturing of wood biomass fuels in Washington.

Category/Year Enacted: Business incentive. 2003

Primary Beneficiaries: None to date.

Possible Program Inconsistency: None evident.

Taxpayer Savings ($000) There are no known projects at the current time.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Yes.