

# HOUSE BILL REPORT

## HB 1248

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### As Reported By House Committee On:

Trade & Economic Development

**Title:** An act relating to tax deferrals for a new thoroughbred race track facility.

**Brief Description:** Providing tax deferrals for a new thoroughbred race track facility.

**Sponsors:** Representatives Van Luven, G. Fisher, Boldt, Carrell, Campbell, Mason, Ebersole, B. Thomas, Cairnes, Radcliff, Cooke, Chandler, Mielke, Ballasiotes, Robertson, Mitchell, Schoesler, Appelwick, Sheldon, Costa, Morris, Basich and Conway.

### Brief History:

#### Committee Activity:

Trade & Economic Development: 1/30/95, 2/6/95 [DPS].

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## HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives Van Luven, Chairman; Radcliff, Vice Chairman; D. Schmidt, Vice Chairman; Sheldon, Ranking Minority Member; Veloria, Assistant Ranking Minority Member; Backlund; Ballasiotes; Hatfield; Hickel; Sherstad; Skinner and Valle.

**Staff:** Kenny Pittman (786-7392).

**Background:** The state retail sales tax is imposed on sales of most articles of tangible personal property, construction including labor, repair of tangible personal property, and certain services. The state use tax applies to items used in this state, the acquisition of which was not subject to the retail sales tax, including purchases in other states, purchases from sellers who do not collect Washington sales tax and items produced for use by the producer. The retail sales and use taxes are equal and are based on the value of the property or service. These taxes are imposed by both the state (6.5 percent) and the local government (up to 1.7 percent).

Since the closure of the Longacres race track in 1992, there have been several proposals to develop a new thoroughbred race track facility in Western Washington.

**Summary of Substitute Bill:** A retail sales and use tax deferral is created for "a new thoroughbred race track facility." The tax deferral applies to all materials, equipment, and labor used to construct or equip the facility. The retail sales and use taxes are deferred, interest free, for a 10-year period. The deferred taxes are required to be repayed over a 5-year period.

"A new thoroughbred race track facility" is defined as a site for thoroughbred racing located west of the Cascade mountains on which construction is started by July 1, 1998.

The Department of Revenue must adopt rules for the administration of the thoroughbred race track tax deferral.

**Substitute Bill Compared to Original Bill:** Clarifies that the application for sales and use tax deferral certificate must be obtained before the start of site preparation work. Replaces the Department of Community, Trade, and Economic Development with the Department of Revenue as the administering agency of the tax deferral program. Makes technical changes for administrative purposes.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** The thoroughbred horse racing industry is important to this state. The impact of the Longacres' closure was more than just the loss of income from the races. There is a state-wide industry that involves breeders, trainers, stables, and farming. The tax deferral gives the thoroughbred racing facility time to re-establish itself in Western Washington. The key is that the deferred state and local taxes are paid back.

**Testimony Against:** None.

**Testified:** Representative Steve Van Luven, prime sponsor (Pro); Martin Durkin, Emerald Racing (Pro); Ron Crockett, Northwest Racing (Pro); Ralph Vacca, Washington Thoroughbred Breeders (Pro); and Marlyta Deck, Washington State Fairs Association (Pro).