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**SENATE BILL 5950**

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**State of Washington**

**67th Legislature**

**2022 Regular Session**

**By** Senator Conway

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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