

Historic Automobile Museums Sales and Use Tax Deferral

2022 JLARC TAX PREFERENCE REVIEW

Estimated beneficiary savings (2012-32): \$466,000

Sales and Use Tax Deferral

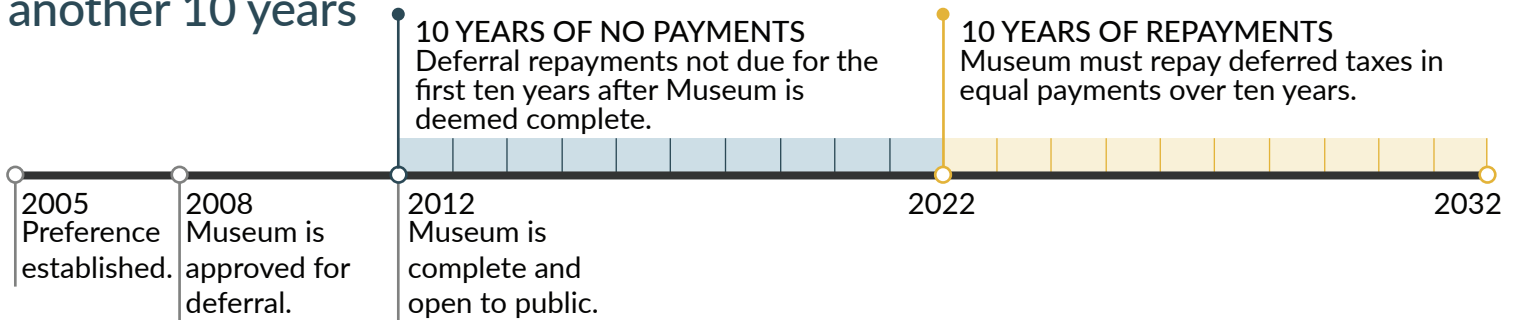
ABOUT THE DEFERRAL

An eligible historic automobile museum can defer paying sales and use tax on construction costs for 10 years. LeMay – America’s Car Museum (Museum) in Tacoma is the sole beneficiary.



Program closed to new participants: 12/31/2008

Museum defers taxes for 10 years and makes equal repayments for another 10 years



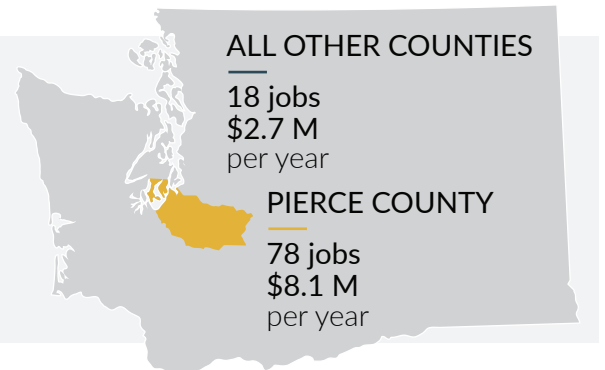
Deferral improved the Museum’s fiscal stability, meeting the public policy objective

Museum construction took place from 2010 to 2012 and resulted in a deferral balance of \$1.99 million.

Museum representatives stated that the deferral allowed the Museum to keep more cash on hand to pay off debt and to endure unexpected decreases in revenues, such as during the COVID-19 pandemic.

Museum contributes to the local economy, but deferral’s impact unclear

JLARC staff used economic modeling software to estimate the impact of the Museum in Pierce County. The analysis suggests the Museum has a positive impact on local and statewide economic vitality. This analysis does not isolate the impact of the deferral.



Other public financial support 36 times greater than the deferral value

JLARC staff estimated beneficiary savings of \$466,000 between 2012 and 2032. Other government assistance included:

- \$17 million in land from the City of Tacoma
- \$985,000 interest-free loan from the Department of Commerce

LEGISLATIVE AUDITOR’S RECOMMENDATION

Continue until deferral is repaid in 2032.

The Legislature should continue the preference until the current deferral is repaid in 2032. After that, the tax preference will no longer be necessary in statute.