JLARC to review a sales and use tax deferral for historic automobile museums

In 2005, the Legislature established a sales and use tax deferral for the cost of on site preparation, construction, acquisition and installation of permanent fixtures for historic automobile museums.

This preference is included in the 10-year review schedule set by the Citizen Commission for Performance Measurement of Tax Preferences.

**Tax deferral is intended to increase the fiscal stability of historic auto museums**

To be eligible for the preference, a museum must maintain and exhibit a collection of at least 500 motor vehicles. The LeMay America’s Car Museum in Tacoma has stated that it is benefitting from this preference. The deferral program closed for new participants on December 31, 2008.

The 2017 Legislature extended the deferral period by an additional five years, with repayments set to begin in 2022. The museum has a total of 10 years to repay the deferred taxes it owes. The Legislature also stated a public policy objective to increase the fiscal stability of historic auto museums and thereby improve the economic vitality of the communities that they are located in.

**This study will address the following questions:**

1. What are the estimated savings to the museum assuming that it fully repays its deferred taxes?
2. How has the preference affected the fiscal stability of the historic auto museum?
3. What is the economic impact of the museum on the community where it is located?

**Study Timeframe**

Preliminary Report: July 2022  
Proposed Final Report: December 2022

**Study Team**

Team Lead: Scott Hancock  
Research Analyst: Zack Freeman  
Audit Coordinator: Eric Thomas  
Legislative Auditor: Keenan Konopaski

**Study Mandate**

Budget, legislation, committee direction

**Proposed Study Questions**

**Legislative Auditor’s Preliminary Report**

**For Tax Preferences:**
- Citizen Commission meeting
- Public testimony
- Commission adopts comments

**Legislative Auditor’s Proposed Final Report**

Agency response included

**Final Report**

Option to append committee comment

Committee votes to distribute completed audit