

FINAL BILL REPORT

SHB 2582

C 95 L 94
Synopsis as Enacted

Brief Description: Affecting leasehold excise taxes.

By House Committee on Revenue (originally sponsored by
Representatives Sheldon and Holm).

House Committee on Revenue
Senate Committee on Ways & Means

Background: The leasehold excise tax is imposed on property used for private purposes that is also exempt from property taxation because the property is publicly owned. The tax is collected by public entities that lease property to private parties. The tax rate of 12.84 percent is imposed on the amount paid in rent for the public property.

If the rent for public property is not established through competitive bidding or if the lease has been in effect for more than 10 years without renegotiation, the Department of Revenue may establish a "market value" rent. When establishing a market value rent, the Department of Revenue often bases the rent on an appraisal of the property by the county assessor.

For property tax purposes, property is assessed at its true and fair market value, unless the property qualifies under a special tax relief program. Some senior citizens and persons retired due to disability are entitled to property tax relief on their principal residences. To qualify, a person must be 61 in the year of application or retired from employment because of a physical disability. The person must also own his or her principal residence and have disposable income below a certain level. Eligible persons with incomes less than \$26,000 receive partial tax exemptions.

The leasehold excise tax does not provide for tax relief equivalent to the senior citizen and disabled persons property tax relief program.

Summary: Appeal rights are clarified for lessees and sublessees of public property if the Department of Revenue establishes a market value rent for the leasehold excise tax. A lessee or sublessee, in the case where the sublessee is responsible for paying the leasehold excise tax, may

appeal the property appraisal to the county board of equalization if the county assessor provided the appraisal to the Department of Revenue. An appeal may also be made directly to the Department of Revenue.

Lessees and sublessees meeting the qualifications of the senior citizen and disabled persons property tax relief program are given the same percentage relief from the leasehold tax as that given to homeowners in the senior citizen and disabled persons property tax relief program.

Votes on Final Passage:

House	91	0
Senate	49	0

Effective: March 23, 1994