

# HOUSE BILL REPORT

## HB 2064

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**As Reported By House Committee On:**  
Finance

**Title:** An act relating to leasehold excise taxation of public golf courses.

**Brief Description:** Permitting nonprofit public golf courses to pay leasehold excise tax based on actual rent payments.

**Sponsors:** Representative Parlette.

**Brief History:**

**Committee Activity:**

Finance: 3/7/97, 2/9/98 [DPS].

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 14 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Conway; Kastama; Mason; Morris; Pennington; Schoesler; Thompson and Van Luven.

**Staff:** Rick Peterson (786-7150).

**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 where the lease has been in effect for more than 10 years without renegotiation, the Department of Revenue may establish a "market value" rent. The market value rent is based on rentals of similar properties for similar purposes and the calculation of a fair rate of return on the leased property's market value.

**Summary of Substitute Bill:** The leasehold tax for a public golf course leased by a nonprofit corporation is based on the amount of rent paid rather than a calculation of the market rent for the property.

**Substitute Bill Compared to Original Bill:** The effective date on the substitute bill is changed from October 1, 1997, to July 1, 1998.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect on July 1, 1998.

**Testimony For:** The original lease agreement with the city was crafted to keep a locally controlled golf course. The nonprofit organization was required to improve and operate the golf course. The nonprofit organization also donated land to the city to expand the golf course. If the city ran the golf course then it would be tax exempt.

**Testimony Against:** None.

**Testified:** Representative Parlette, sponsor.