
ENGROSSED SUBSTITUTE SENATE BILL 6050

State of Washington

55th Legislature

1997 Regular Session

By Senate Committee on Ways & Means (originally sponsored by Senator Oke)

Read first time 04/07/97.

1 AN ACT Relating to tax exemptions for state route number 16
2 corridor improvements constructed under chapter 47.46 RCW; amending RCW
3 82.29A.130; adding a new section to chapter 47.46 RCW; and creating a
4 new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds and declares that tax
7 exemptions and deferrals on state route number 16 corridor
8 improvements, constructed under the public-private initiatives in
9 transportation program, would decrease both the initial cost of the
10 project and the operating costs of the facility once it is in
11 operation. A sales and use tax deferral and leasehold tax exemptions
12 would lower initial toll levels charged to users of the facility,
13 reduce the need for toll increases, and reduce the length of time tolls
14 are imposed. Lower toll rates increase the likelihood of favorable
15 voter response to the advisory vote required under chapter 47.46 RCW on
16 the state route number 16 corridor improvements project.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 47.46 RCW
18 to read as follows:

1 (1) A private entity that is party to an agreement under this
2 chapter may apply for deferral of taxes on the site preparation for,
3 the construction of, the acquisition of any related machinery and
4 equipment which will become a part of, and the rental of equipment for
5 use in the state route number 16 corridor improvements project under
6 this chapter. Application shall be made to the department of revenue
7 in a form and manner prescribed by the department of revenue. The
8 application shall contain information regarding estimated or actual
9 costs, time schedules for completion and operation, and other
10 information required by the department of revenue. The department of
11 revenue shall approve the application within sixty days if it meets the
12 requirements of this section.

13 (2) The department of revenue shall issue a sales and use tax
14 deferral certificate for state and local sales and use taxes due under
15 chapters 82.08, 82.12, and 82.14 RCW on the project. The use of the
16 certificate shall be governed by rules established by the department of
17 revenue.

18 (3) A private entity granted a deferral under this section shall
19 begin paying the deferred taxes in the fifth year after the date
20 certified by the department of revenue as the date on which the project
21 is operationally complete. The first payment is due on December 31st
22 of the fifth calendar year after such certified date, with subsequent
23 annual payments due on December 31st of the following four years. Each
24 payment shall equal twenty percent of the deferred tax.

25 (4) The department of revenue may authorize an accelerated
26 repayment schedule upon request of a private entity granted a deferral
27 under this section.

28 (5) Interest shall not be charged on any taxes deferred under this
29 section for the period of deferral, although all other penalties and
30 interest applicable to delinquent excise taxes may be assessed and
31 imposed for delinquent payments under this section. The debt for
32 deferred taxes is not extinguished by insolvency or other failure of
33 the private entity.

34 (6) Applications and any other information received by the
35 department of revenue under this section are not confidential and are
36 subject to disclosure. Chapter 82.32 RCW applies to the administration
37 of this section.

1 **Sec. 3.** RCW 82.29A.130 and 1995 3rd sp.s. c 1 s 307 are each
2 amended to read as follows:

3 The following leasehold interests shall be exempt from taxes
4 imposed pursuant to RCW 82.29A.030 and 82.29A.040:

5 (1) All leasehold interests constituting a part of the operating
6 properties of any public utility which is assessed and taxed as a
7 public utility pursuant to chapter 84.12 RCW.

8 (2) All leasehold interests in facilities owned or used by a
9 school, college or university which leasehold provides housing for
10 students and which is otherwise exempt from taxation under provisions
11 of RCW 84.36.010 and 84.36.050.

12 (3) All leasehold interests of subsidized housing where the fee
13 ownership of such property is vested in the government of the United
14 States, or the state of Washington or any political subdivision thereof
15 but only if income qualification exists for such housing.

16 (4) All leasehold interests used for fair purposes of a nonprofit
17 fair association that sponsors or conducts a fair or fairs which
18 receive support from revenues collected pursuant to RCW 67.16.100 and
19 allocated by the director of the department of agriculture where the
20 fee ownership of such property is vested in the government of the
21 United States, the state of Washington or any of its political
22 subdivisions: PROVIDED, That this exemption shall not apply to the
23 leasehold interest of any sublessee of such nonprofit fair association
24 if such leasehold interest would be taxable if it were the primary
25 lease.

26 (5) All leasehold interests in any property of any public entity
27 used as a residence by an employee of that public entity who is
28 required as a condition of employment to live in the publicly owned
29 property.

30 (6) All leasehold interests held by enrolled Indians of lands owned
31 or held by any Indian or Indian tribe where the fee ownership of such
32 property is vested in or held in trust by the United States and which
33 are not subleased to other than to a lessee which would qualify
34 pursuant to this chapter, RCW 84.36.451 and 84.40.175.

35 (7) All leasehold interests in any real property of any Indian or
36 Indian tribe, band, or community that is held in trust by the United
37 States or is subject to a restriction against alienation imposed by the
38 United States: PROVIDED, That this exemption shall apply only where it
39 is determined that contract rent paid is greater than or equal to

1 ninety percent of fair market rental, to be determined by the
2 department of revenue using the same criteria used to establish taxable
3 rent in RCW 82.29A.020(2)(b).

4 (8) All leasehold interests for which annual taxable rent is less
5 than two hundred fifty dollars per year. For purposes of this
6 subsection leasehold interests held by the same lessee in contiguous
7 properties owned by the same lessor shall be deemed a single leasehold
8 interest.

9 (9) All leasehold interests which give use or possession of the
10 leased property for a continuous period of less than thirty days:
11 PROVIDED, That for purposes of this subsection, successive leases or
12 lease renewals giving substantially continuous use of possession of the
13 same property to the same lessee shall be deemed a single leasehold
14 interest: PROVIDED FURTHER, That no leasehold interest shall be deemed
15 to give use or possession for a period of less than thirty days solely
16 by virtue of the reservation by the public lessor of the right to use
17 the property or to allow third parties to use the property on an
18 occasional, temporary basis.

19 (10) All leasehold interests under month-to-month leases in
20 residential units rented for residential purposes of the lessee pending
21 destruction or removal for the purpose of constructing a public highway
22 or building.

23 (11) All leasehold interests in any publicly owned real or personal
24 property to the extent such leasehold interests arises solely by virtue
25 of a contract for public improvements or work executed under the public
26 works statutes of this state or of the United States between the public
27 owner of the property and a contractor.

28 (12) All leasehold interests that give use or possession of state
29 adult correctional facilities for the purposes of operating
30 correctional industries under RCW 72.09.100.

31 (13) All leasehold interests used to provide organized and
32 supervised recreational activities for disabled persons of all ages in
33 a camp facility and for public recreational purposes by a nonprofit
34 organization, association, or corporation that would be exempt from
35 property tax under RCW 84.36.030(1) if it owned the property. If the
36 publicly owned property is used for any taxable purpose, the leasehold
37 excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be
38 imposed and shall be apportioned accordingly.

1 (14) All leasehold interests in the public or entertainment areas
2 of a baseball stadium with natural turf and a retractable roof or
3 canopy that is in a county with a population of over one million, that
4 has a seating capacity of over forty thousand, and that is constructed
5 on or after January 1, 1995. "Public or entertainment areas" include
6 ticket sales areas, ramps and stairs, lobbies and concourses, parking
7 areas, concession areas, restaurants, hospitality and stadium club
8 areas, kitchens or other work areas primarily servicing other public or
9 entertainment areas, public rest room areas, press and media areas,
10 control booths, broadcast and production areas, retail sales areas,
11 museum and exhibit areas, scoreboards or other public displays, storage
12 areas, loading, staging, and servicing areas, seating areas and suites,
13 the playing field, and any other areas to which the public has access
14 or which are used for the production of the entertainment event or
15 other public usage, and any other personal property used for these
16 purposes. "Public or entertainment areas" does not include locker
17 rooms or private offices exclusively used by the lessee.

18 (15) All leasehold interests in the state route number 16 corridor
19 improvements project constructed and operated under chapter 47.46 RCW.

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