

FINAL BILL REPORT

SHB 1521

C 177 L 02

Synopsis as Enacted

Brief Description: Authorizing the state treasurer to distribute interest from the local leasehold excise tax account.

Sponsors: By House Committee on Local Government & Housing (originally sponsored by Representatives Simpson, Mulliken, Dunshee, Mielke and Haigh).

House Committee on Local Government & Housing
Senate Committee on State & Local Government

Background:

Property owned by federal, state, or local government is exempt from the property tax. Private lessees of government property, however, are subject to the leasehold excise tax. The purpose of the leasehold excise tax is to impose a tax burden on persons using publicly-owned, tax-exempt property that is similar to the property tax that they would pay if they owned the property. The leasehold excise tax rate of 12.84 percent is imposed on the amount paid in rent for the public property.

The tax is collected by the Department of Revenue and is distributed to the counties and cities by the state treasurer on a bimonthly basis; i.e., every two months. Interest earnings accrued are not distributed with the principle, but accumulate in the local leasehold excise tax account. The interest earnings currently accumulated in the account total approximately \$1 million.

Summary:

The Local Leasehold Excise Tax Act is amended to direct the state treasurer to make one lump sum distribution of all interest earnings accrued before July 31, 2002, to the counties and cities proportionate to the amount of tax collected annually on behalf of each county and city. In addition, the state treasurer is directed to distribute all interest earnings accrued after July 31, 2002, bimonthly to the counties and cities proportionate to the amount collected on behalf of each county and city.

Votes on Final Passage:

House 95 0

Senate 48 0

Effective: June 13, 2002