

SENATE BILL REPORT

HB 1073

As Reported By Senate Committee On:
Ways & Means, March 27, 2003

Title: An act relating to collection of property taxes on land subleased for residential and recreational purposes.

Brief Description: Modifying the collection of property taxes on land subleased for residential and recreational purposes.

Sponsors: Representatives Haigh and Eickmeyer.

Brief History:

Committee Activity: Ways & Means: 3/26/03, 3/27/03 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rossi, Chair; Hewitt, Vice Chair; Zarelli, Vice Chair; Brown, Doumit, Fairley, Fraser, Hale, Honeyford, Johnson, Parlette, Regala, Roach, Sheahan and Winsley.

Staff: Terry Wilson (786-7433)

Background: Property owned by federal, state, or local governments is exempt from the property tax. Most private lessees of government property 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 similar to the property tax that they would pay if they owned the property.

Private leases of publicly-owned land consisting of 3,000 or more lots that are or may be subleased for residential and recreational purposes are exempt from leasehold excise tax and are subject to property taxation. Property values are determined in the same manner as privately- owned property.

The sublessee of each lot pays the property tax on the lot and any buildings on the lot. Property taxes unpaid for more than three years are delinquent. The collection of delinquent property taxes proceeds in the same manner as for ordinary delinquent property taxes except that foreclosure proceedings take place only against the improvements on the lot.

Summary of Bill: Foreclosure proceedings for delinquent property taxes against lots that are private leases of publicly-owned land can take place against the sublease in addition to the improvement on the lot.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This is a cleanup bill on the Lake Cushman properties. Taxation was changed over to the property tax from the leasehold excise tax because there are over 3,000 properties. An administrative problem with foreclosure was discovered on properties with trailers but no permanent improvements. If there are no improvements, there is no reason to pay the tax because the county can't foreclose on the property.

Testimony Against: None.

Testified: PRO: Lisa Frazier, Mason County Treasurer.