

---

**Finance Committee**

---

**HB 1239**

**Brief Description:** Changing the leasehold excise tax exemption for certain historical property.

**Sponsors:** Representatives Fromhold, Wallace, Curtis, Dunn and Moeller.

**Brief Summary of Bill**

- Exempts historical property from leasehold excise tax if the property is controlled by a municipal corporation and is within a special review district established before 1976 or is listed on a federal or state historical register.

**Hearing Date:** 2/2/05

**Staff:** Bob Longman (786-7139).

**Background:**

Property owned by federal, state, or local governments is exempt from property tax. However, private lessees of government property are subject to 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. The rate of the leasehold excise tax is 12 percent of the contract rent. Cities and counties may each levy a local leasehold excise tax, which is credited against the state tax. Cities can levy up to 4 percent, and counties up to 6 percent, and the city tax is credited against the county tax.

Common examples of the leasehold excise tax include port property upon which lessees construct warehouses and manufacturing plants; airline facilities at public airports; state grazing lands; and national forest land leased for recreational cabins.

The leasehold excise tax does not apply to property within a special review district established before 1976, or to property listed on any federal or state register of historical sites which is controlled by a public development authority that was in existence prior to January 1, 1987.

**Summary of Bill:**

Property that is controlled by a municipal corporation is exempt from leasehold excise tax if the property is within a special review district established before 1976 or is listed on a federal or state register of historical sites.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.