

SSB 6389 - H COMM AMD  
By Committee on Finance

ADOPTED 03/05/2008

1 Strike everything after the enacting clause and insert the  
2 following:

3 "NEW SECTION. **Sec. 1.** A new section is added to chapter 84.36 RCW  
4 to read as follows:

5 (1) Military housing is exempt from taxation if the housing meets  
6 the following requirements:

7 (a) The military housing must be situated on land owned in fee by  
8 the United States;

9 (b) The military housing must be used for the housing of military  
10 personnel and their families; and

11 (c) The military housing must be a development project awarded  
12 under the military housing privatization initiative.

13 (2) To qualify property for the exemption under this section, the  
14 project owner must submit an application to the department in a form  
15 and manner prescribed by the department. Any change in the use of the  
16 property that affects the qualification of the property must be  
17 reported to the department.

18 (3) The definitions in this subsection apply to this section.

19 (a) "Ancillary supporting facilities" means facilities related to  
20 military housing units, including facilities to provide or support  
21 elementary or secondary education, child care centers, day care  
22 centers, child development centers, tot lots, community centers,  
23 housing offices, dining facilities, unit offices, and other similar  
24 facilities for the support of military housing.

25 (b) "Military housing" means military housing units and ancillary  
26 supporting facilities.

27 (c) "Military housing privatization initiative" means the military  
28 housing privatization initiative of 1996, 10 U.S.C. Secs. 2871 through  
29 2885, as existing on the effective date of this act, or some later date  
30 as the department may provide.

1       **Sec. 2.** RCW 82.29A.130 and 2007 c 90 s 1 are each amended to read  
2 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

1 is determined that contract rent paid is greater than or equal to  
2 ninety percent of fair market rental, to be determined by the  
3 department of revenue using the same criteria used to establish taxable  
4 rent in RCW 82.29A.020(2)(b).

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

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

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

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

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

32 (13) All leasehold interests used to provide organized and  
33 supervised recreational activities for persons with disabilities of all  
34 ages in a camp facility and for public recreational purposes by a  
35 nonprofit organization, association, or corporation that would be  
36 exempt from property tax under RCW 84.36.030(1) if it owned the  
37 property. If the publicly owned property is used for any taxable

1 purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and  
2 82.29A.040 shall be imposed and shall be apportioned accordingly.

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

20 (15) All leasehold interests in the public or entertainment areas  
21 of a stadium and exhibition center, as defined in RCW 36.102.010, that  
22 is constructed on or after January 1, 1998. For the purposes of this  
23 subsection, "public or entertainment areas" has the same meaning as in  
24 subsection (14) of this section, and includes exhibition areas.

25 (16) All leasehold interests in public facilities districts, as  
26 provided in chapter 36.100 or 35.57 RCW.

27 (17) All leasehold interests in property that is: (a) Owned by the  
28 United States government or a municipal corporation; (b) listed on any  
29 federal or state register of historical sites; and (c) wholly contained  
30 within a designated national historic reserve under 16 U.S.C. Sec. 461.

31 (18) All leasehold interests in the public or entertainment areas  
32 of an amphitheater if a private entity is responsible for one hundred  
33 percent of the cost of constructing the amphitheater which is not  
34 reimbursed by the public owner, both the public owner and the private  
35 lessee sponsor events at the facility on a regular basis, the lessee is  
36 responsible under the lease or agreement to operate and maintain the  
37 facility, and the amphitheater has a seating capacity of over seventeen  
38 thousand reserved and general admission seats and is in a county with

1 a population of over three hundred fifty thousand, but less than four  
2 hundred twenty-five thousand. For the purposes of this subsection,  
3 "public or entertainment areas" include box offices or other ticket  
4 sales areas, entrance gates, ramps and stairs, lobbies and concourses,  
5 parking areas, concession areas, restaurants, hospitality areas,  
6 kitchens or other work areas primarily servicing other public or  
7 entertainment areas, public rest room areas, press and media areas,  
8 control booths, broadcast and production areas, retail sales areas,  
9 museum and exhibit areas, scoreboards or other public displays, storage  
10 areas, loading, staging, and servicing areas, seating areas including  
11 lawn seating areas and suites, stages, and any other areas to which the  
12 public has access or which are used for the production of the  
13 entertainment event or other public usage, and any other personal  
14 property used for these purposes. "Public or entertainment areas" does  
15 not include office areas used predominately by the lessee.

16 (19) All leasehold interests in real property used for the  
17 placement of military housing meeting the requirements of section 1 of  
18 this act."

19 Correct the title.

EFFECT: Clarifies that leasehold exemption does not apply to  
leasehold interests in all federally owned property. Makes other  
nonsubstantive, technical changes relating to clarity and placement of  
language.

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