

# HOUSE BILL REPORT

## SHB 2335

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**As Passed House:**

March 10, 2007

**Title:** An act relating to exempting certain amateur radio repeaters from leasehold excise taxes.

**Brief Description:** Exempting certain amateur radio repeaters from leasehold excise taxes.

**Sponsors:** By House Committee on Finance (originally sponsored by Representatives Priest and Miloscia).

**Brief History:**

**Committee Activity:**

Finance: 3/2/07 [DPS].

**Floor Activity:**

Passed House: 3/10/07, 97-0.

**Brief Summary of Substitute Bill**

- Exempts from the leasehold excise tax the leasehold interests in public facilities that are used for the placement of certain amateur radio repeaters.

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**HOUSE COMMITTEE ON FINANCE**

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Condotta, Assistant Ranking Minority Member; Conway, Ericks, McIntire, Roach and Santos.

**Staff:** Mark Matteson (786-7145).

**Background:**

*Ham Radio - Amateur Radio Repeaters.*

Amateur radio, otherwise called ham radio, is an aspect of the radio spectrum made available to the public for personal use and public service. The Federal Communications Commission (FCC) regulates 27 small frequency bands within the radio spectrum allocated for amateur communication. Persons operating ham radios must obtain a license from the FCC. Station

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control operators cooperate in selecting transmitting channels to make the most effective use of the frequencies; all frequencies are shared. Operators design, construct, modify, and repair their stations. In February 2007, just under 25,000 licenses were issued for Washington operators.

Amateur radio operators also provide services for search and rescue operations, forest fire information, and disaster relief support. Operators may volunteer for the Amateur Radio Emergency Service (ARES) for communications purposes when disaster strikes. The Radio Amateur Civil Emergency Service (RACES), special phase of amateur operation sponsored by the Federal Emergency Management Agency (FEMA), is another radio communication service conducted by volunteer licensed amateurs, and is designed to provide emergency communications to local or state civil-preparedness agencies.

Amateur radio communication is typically transmitted at a low power level. For the purposes of transmitting signals more broadly, amateur radio networks use radio repeaters. Amateur radio repeaters are devices that receive weak or low-level amateur radio signals and retransmit the signals at a higher level or higher power, so that the signal can cover longer distances without degradation.

#### *Leasehold Excise Tax.*

Property owned by federal, state, or local governments is exempt from property tax. Public lands can be leased to private individuals. These leases 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 state imposes a leasehold excise tax equal to 12.84 percent of the contract rent. Contract rent is the amount the lessee pays for use of the public property. The tax is collected by the public entity from the lessee, and paid to the Department of Revenue.

Cities and counties may levy a local leasehold excise tax on leasehold interests in public property within their jurisdictions at a rate up to a maximum of 6 percent. The city or county tax is credited against the state tax, thus reducing the state rate on such property when the local tax is fully imposed to 6.84 percent. The maximum city rate is 4 percent and is credited against the county tax. Thus, the maximum county rate is 6 percent in unincorporated areas and 2 percent in cities which levy the maximum city rate.

Common examples of property subject to 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.

A number of types of leasehold interests have been exempted from the leasehold excise tax. These exemptions concern interests such as leases of student housing at public schools and colleges, leases of property for agricultural fairs, and rights of access for removing products from public lands.

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#### **Summary of Substitute Bill:**

Leasehold interests in public facilities that are used for the placement of amateur radio repeaters, if the repeaters are made available to public agencies for emergency communications, are exempt from the leasehold excise tax.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) This will give amateur radio repeaters an excise tax exemption and is a statewide issue. This is a minimal financial effect. We volunteer a lot of time, energy, and money to support the public community and respond to emergencies. During the Nisqually earthquake, we established communications with every county in the state within an hour and many of the local emergency operation centers were already operational at that point. The amateur radio repeaters are vital to the emergency communications effort that support the emergency management across the state. Without this exemption, it may not be feasible to keep these repeaters at the sites where we use them. The value of these repeaters during disasters far outweighs the excise tax that could ever be collected. I can document thousands of hours volunteered by radio operators who rely on these repeaters. The Legislature has a long history of supporting amateur radio.

(Opposed) None.

**Persons Testifying:** (In support) Mark Freitas, Federal Way Amateur Radio Club and South King Fire & Rescue; Robert Carlton, Washington Association of County Officials; Ed Bruette, State RACES Officer; and David Swartz.

**Persons Signed In To Testify But Not Testifying:** None.