

SENATE BILL REPORT

SHB 2335

As Reported By Senate Committee On:
Ways & Means, March 20, 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: House Committee on Finance (originally sponsored by Representatives Priest and Miloscia).

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

Committee Activity: Ways & Means: 3/20/07 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Fairley, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Dianne Criswell (786-7433)

Background: Ham Radio - Amateur Radio Repeater: Amateur radio, otherwise called ham radio, is an aspect of the radio spectrum made available to the public for personal use and public service. Amateur radio operators provide services for search and rescue operations, forest fire information, and disaster relief support.

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: All real and personal property is subject to property tax, unless a specific exemption is provided by law. Property owned by the United States, the state of Washington, counties, cities, and other local governments is exempt from property tax by the State Constitution.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

The leasehold excise tax applies when persons or businesses use or lease publicly-owned property. Because property tax is not levied on public property, leasehold excise tax is imposed in lieu of the property tax to ensure equity in taxation of all property.

The rate of leasehold excise tax is 12.84 percent. 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, thus reducing the state rate on such property to 6.84 percent. The maximum city rate is 4 percent and it 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. In general, the tax is measured by the contract rent (the amount paid for the use of the public property).

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.

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.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Ham radio operators are a small, but essential, component of our emergency response system. When other methods of communication are down, these radio operators provide essential services to emergency response agencies. Ham radios are an integral self-help measure. This is the best kind of help for our communities. If the tax is going to be based on the market value of the lease, with increasing property values, the tax is going to become cost prohibitive for locating repeaters. The financial impact of this exemption is small, while the benefits to the public are large. Help us help the community.

Persons Testifying: PRO: Representative Priest, prime sponsor; Mark Freitas, Commissioner, South King Fire and Rescue; Ed Bruette, Military Department.