

FINAL BILL REPORT

SB 6855

C 281 L 10
Synopsis as Enacted

Brief Description: Exempting community centers from property taxation and imposing leasehold excise taxes on such property.

Sponsors: Senators McDermott and Kohl-Welles.

Senate Committee on Ways & Means
House Committee on Finance

Background: All real and personal property in Washington State is subject to property tax, unless a specific exemption is provided by law. The tax is based on the assessed value of the property. The constitution provides for an exemption on all governmental properties.

The leasehold excise tax is a tax in lieu of the property tax. It applies to interests in publicly owned real or personal property. This typically involves a private lease of public property often when buildings or other improvements have been added. The leasehold interest in the public land or publicly owned structures is subject to the leasehold tax, while the privately owned improvements are subject to the regular property tax. In most instances, the tax is measured by contract rent or the amount paid for use of the public property. The rate of the 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 tax is collected by public entities that lease property to private lessees and is reported by the lessor to the department on a quarterly basis.

Summary: A property tax exemption is provided for certain community centers. The property tax exemption is in effect for 40 years from the time of acquisition.

The leasehold excise tax applies to the rental of property from a community center that is otherwise exempt from property taxation under this law.

Community centers effected by this legislation are those that include a building or buildings determined to be surplus to the needs of a school district and purchased by a nonprofit organization for the purpose of converting them into community facilities for the delivery of nonresidential coordinated services for community members. The community center may make space available to businesses, individuals, or other parties through the loan or rental of space in or on the property.

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.

Votes on Final Passage:

Senate	39	7
House	83	14

Effective: June 10, 2010