
SENATE BILL 5984

State of Washington

64th Legislature

2015 Regular Session

By Senators Kohl-Welles and Roach

Read first time 02/13/15. Referred to Committee on Ways & Means.

1 AN ACT Relating to a leasehold excise tax credit for properties
2 of market value in excess of ten million dollars; and amending RCW
3 82.29A.120.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.29A.120 and 2013 c 235 s 3 are each amended to
6 read as follows:

7 After computation of the taxes imposed pursuant to RCW 82.29A.030
8 and 82.29A.040, the following credits are allowed in determining the
9 tax payable:

10 (1) For lessees and sublessees who would qualify for a property
11 tax exemption under RCW 84.36.381 if the property were privately
12 owned, the tax otherwise due after this credit (~~shall~~) must be
13 reduced by a percentage equal to the percentage reduction in property
14 tax that would result from the property tax exemption under RCW
15 84.36.381; and

16 (2) A credit of thirty-three percent of the tax otherwise due is
17 allowed with respect to a product lease.

18 (3)(a) For a leasehold interest in real property, a credit is
19 allowed equal to the amount that the tax under this chapter exceeds
20 the property tax that would apply if the real property were privately
21 owned by the taxpayer.

1 (b) The credit under this section is available only if the tax
2 parcel that is subject to the leasehold interest has a market value
3 in excess of ten million dollars. If the leasehold interest attaches
4 to two or more parcels, the credit is available if at least one of
5 the tax parcels has a market value in excess of ten million dollars.
6 In either case, the market value must be determined as of January 1st
7 of the year prior to the year for which the credit is claimed.

8 (c) For purposes of calculating the credit:

9 (i) If a tax parcel does not have current assessed value in
10 accordance with RCW 84.40.020, a market value appraisal performed by
11 a Washington state-certified general real estate appraiser, as
12 defined in RCW 18.140.010, is sufficient to establish the market
13 value. If the underlying real property that is the subject of the
14 leasehold interest consists of a part of one or more tax parcels,
15 this appraisal must include the market value of the part of the
16 parcel or parcels to which the leasehold interest applies.

17 (ii) The property tax that would otherwise apply to the real
18 property that is the subject of the leasehold interest is calculated
19 using the existing consolidated levy rate for the property's tax code
20 area.

21 (d) The definitions in this subsection apply throughout this
22 subsection (3) unless the context clearly requires otherwise.

23 (i) "Real property" has the same meaning as in RCW 84.04.090 and
24 also includes all improvements upon the land the fee of which is
25 still vested in the public owner.

26 (ii) "Market value" means the true and fair value of the property
27 as that term is used in RCW 84.40.030, based on the property's
28 highest and best use and determined by any reasonable means approved
29 by the department.

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