
Finance Committee

HB 1114

Brief Description: Exempting certain leasehold interests in performing arts facilities or arenas from the leasehold excise tax.

Sponsors: Representatives Fey and Tarleton.

Brief Summary of Bill

- Exempts eligible performing arts facilities or arenas from the leasehold excise tax.

Hearing Date: 1/27/17

Staff: Richelle Geiger (786-7139).

Background:

Leasehold excise tax is assessed on the use of public property by a private party and is in lieu of property tax. The tax rate is 0.1284 of the rent paid for the property. Approximately 53 percent of the tax is directed to the State General Fund and 47 percent of the tax is returned to the county and city in which the leased property is located.

In 2013 the Legislature passed Engrossed Substitute Senate Bill 5882, which requires tax preference legislation enacted, expanded or extended after August 1, 2013 to include a tax preference performance statement. Additionally, Engrossed Substitute Senate Bill 5882 also establishes an automatic 10-year expiration date for new tax preference if an alternative expiration date is not provided in the new tax preference legislation.

Summary of Bill:

All leasehold interests in the public or entertainment areas of a performing arts facility or arena are exempt from leasehold excise tax if the facility or arena has a seating capacity of more than 2,000 and is located on land owned by a city and was the former site of a World's Fair or has been in continuous operation since 1983.

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.

Because the tax preference does not provide an expiration date, the tax preference expires January 1, 2028.

Appropriation: None.

Fiscal Note: Available.

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