

HOUSE BILL REPORT

HB 2058

As Amended by the Senate

Title: An act relating to the preservation and protection of facilities owned by the state parks and recreation commission that are listed on the Washington heritage register or the national register of historic places.

Brief Description: Concerning the preservation and protection of facilities owned by the state parks and recreation commission that are listed on the Washington heritage register or the national register of historic places.

Sponsors: Representatives Tharinger, Leavitt, Santos, Shewmake, Harris-Talley, Eslick and Lekanoff.

Brief History:

Committee Activity:

Finance: 2/3/22, 2/7/22 [DP].

Floor Activity:

Passed House: 2/14/22, 97-0.

Senate Amended.

Passed Senate: 3/10/22, 49-0.

Brief Summary of Bill

- Provides a leasehold excise tax exemption for leasehold interests in State Parks and Recreation Commission-owned facilities that are listed on the National Register of Historic Places or the Washington Heritage Register.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 17 members: Representatives Frame, Chair; Berg, Vice Chair; Walen, Vice Chair; Orcutt, Ranking Minority Member; Dufault, Assistant Ranking Minority Member; Chase, Chopp, Harris-Talley, Morgan, Orwall, Ramel,

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

Springer, Stokesbary, Thai, Vick, Wylie and Young.

Staff: Kyle Raymond (786-7190).

Background:

Leasehold Excise Tax.

State leasehold excise taxes are levied and collected on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest. A leasehold interest is an interest in publicly owned real or personal property that exists by virtue of any lease, permit, license, or other written or verbal agreement between a public owner and a person who would not be exempt from property taxes if that person owned the property. The leasehold excise tax is levied at a rate of 12.84 percent of taxable rent.

Historic Registers.

The National Register of Historic Places (National Register) is an official listing of historically significant sites and properties throughout the country. The Washington Heritage Register (Washington Register) is an official listing of historically significant sites and properties found throughout Washington. The Washington Register was established in 1971 as an alternative to the National Register. The Department of Archaeology and Historic Preservation maintains the Washington Register and administers the National Register for the state.

Summary of Bill:

A leasehold tax exemption is available for leasehold interests in State Parks and Recreation Commission-owned facilities that are listed on the National Register of Historic Places or the Washington Heritage Register.

This act is exempt from the requirements of a tax preference performance statement, a Joint Legislative Audit and Review Committee study, and the automatic 10-year expiration.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment:

1. removes the exemption from the requirements of a tax preference performance statement, a Joint Legislative Audit and Review Committee study, and the automatic 10-year expiration;
2. expires the leasehold excise tax exemption January 1, 2034; and
3. adds a tax preference performance statement, stating the Legislature's intent to extend the exemption if a review finds that the statewide amount of contributions made by lessees to maintain or improve State Parks and Recreation Commission-owned historical sites has increased.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect on January 1, 2023.

Staff Summary of Public Testimony:

(In support) There are many state parks on the National Register and Washington Register with buildings that require a large amount of maintenance. Private businesses invest in these buildings to help maintain and restore these properties, which benefits the properties, the parks, and the state. This bill is an important step in incentivizing investments in these historic properties located in state parks. The tax incentive in the bill will help bring more businesses into properties, which also will help create jobs for businesses and increases economic activity for the parks.

There is a significant need to attract investors to participate in the renovation of historic buildings. Private investment can come in many forms, including philanthropic gifts, historic tax credits, and private capital contributions. For example, the federal historic tax credit was integral in reopening the seminary building in Saint Edward State Park. The impact of these investments is diminished and can be more difficult to secure when those funds are subject to the leasehold excise tax. Also, the Legislature passed a similar leasehold tax exemption for Fort Vancouver in 2005.

This bill will provide support for KPTZ, which is a local, noncommercial radio broadcaster in Port Townsend. This radio station is a primary outlet for news, entertainment, and for emergency broadcasts. The radio station is building out a studio at Fort Warden Historical State Park, and this is subject to the leasehold excise tax. This creates an additional financial burden on this noncommercial radio station that relies on listeners for funding, and this bill would relieve the station of that burden.

(Opposed) None.

Persons Testifying: Representative Steve Tharinger, prime sponsor; Kate Ingram, KPTZ Radio Port Townsend; David Timmons, Fort Worden Public Development Authority; Owen Rowe, Washington State Parks and Recreation Commission; and Marty Gilmore, Jefferson County Democrats.

Persons Signed In To Testify But Not Testifying: None.