
SENATE BILL 5845

State of Washington

68th Legislature

2024 Regular Session

By Senators Muzzall, Frame, Hasegawa, and Wagoner

Prefiled 12/14/23. Read first time 01/08/24. Referred to Committee on Ways & Means.

1 AN ACT Relating to taxation of military housing; amending RCW
2 82.29A.130 and 82.29A.130; creating new sections; repealing RCW
3 84.36.665; providing an effective date; and providing an expiration
4 date.

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

6 NEW SECTION. **Sec. 1.** RCW 84.36.665 (Military housing) and 2008
7 c 84 s 1 are each repealed.

8 NEW SECTION. **Sec. 2.** For taxes levied for collection in 2025,
9 the limitation set forth in RCW 84.55.010 for a taxing district is
10 increased by an amount equal to the aggregate assessed valuation of
11 property added to the tax roll resulting from the repeal of RCW
12 84.36.665 under section 1 of this act, multiplied by the regular
13 property tax levy rate of that district for the preceding year.

14 **Sec. 3.** RCW 82.29A.130 and 2023 c 343 s 2 are each amended to
15 read as follows:

16 The following leasehold interests are exempt from taxes imposed
17 pursuant to RCW 82.29A.030 and 82.29A.040:

1 (1) All leasehold interests constituting a part of the operating
2 properties of any public utility that is assessed and taxed as a
3 public utility pursuant to chapter 84.12 RCW.

4 (2) All leasehold interests in facilities owned or used by a
5 school, college or university which leasehold provides housing for
6 students and which is otherwise exempt from taxation under provisions
7 of RCW 84.36.010 and 84.36.050.

8 (3) All leasehold interests of subsidized housing where the fee
9 ownership of such property is vested in the government of the United
10 States, or the state of Washington or any political subdivision
11 thereof but only if income qualification exists for such housing.

12 (4) All leasehold interests used for fair purposes of a nonprofit
13 fair association that sponsors or conducts a fair or fairs which
14 receive support from revenues collected pursuant to RCW 67.16.100 and
15 allocated by the director of the department of agriculture where the
16 fee ownership of such property is vested in the government of the
17 United States, the state of Washington or any of its political
18 subdivisions. However, this exemption does not apply to the leasehold
19 interest of any sublessee of such nonprofit fair association if such
20 leasehold interest would be taxable if it were the primary lease.

21 (5) All leasehold interests in any property of any public entity
22 used as a residence by an employee of that public entity who is
23 required as a condition of employment to live in the publicly owned
24 property.

25 (6) All leasehold interests held by enrolled Indians of lands
26 owned or held by any Indian or Indian tribe where the fee ownership
27 of such property is vested in or held in trust by the United States
28 and which are not subleased to other than to a lessee which would
29 qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

30 (7) All leasehold interests in any real property of any Indian or
31 Indian tribe, band, or community that is held in trust by the United
32 States or is subject to a restriction against alienation imposed by
33 the United States. However, this exemption applies only where it is
34 determined that contract rent paid is greater than or equal to 90
35 percent of fair market rental, to be determined by the department of
36 revenue using the same criteria used to establish taxable rent in RCW
37 82.29A.020(2)(g).

38 (8) All leasehold interests for which annual taxable rent is less
39 than \$250 per year. For purposes of this subsection leasehold

1 interests held by the same lessee in contiguous properties owned by
2 the same lessor are deemed a single leasehold interest.

3 (9) All leasehold interests which give use or possession of the
4 leased property for a continuous period of less than 30 days:
5 PROVIDED, That for purposes of this subsection, successive leases or
6 lease renewals giving substantially continuous use of possession of
7 the same property to the same lessee are deemed a single leasehold
8 interest: PROVIDED FURTHER, That no leasehold interest is deemed to
9 give use or possession for a period of less than 30 days solely by
10 virtue of the reservation by the public lessor of the right to use
11 the property or to allow third parties to use the property on an
12 occasional, temporary basis.

13 (10) All leasehold interests under month-to-month leases in
14 residential units rented for residential purposes of the lessee
15 pending destruction or removal for the purpose of constructing a
16 public highway or building.

17 (11) All leasehold interests in any publicly owned real or
18 personal property to the extent such leasehold interests arises
19 solely by virtue of a contract for public improvements or work
20 executed under the public works statutes of this state or of the
21 United States between the public owner of the property and a
22 contractor.

23 (12) All leasehold interests that give use or possession of state
24 adult correctional facilities for the purposes of operating
25 correctional industries under RCW 72.09.100.

26 (13) All leasehold interests used to provide organized and
27 supervised recreational activities for persons with disabilities of
28 all ages in a camp facility and for public recreational purposes by a
29 nonprofit organization, association, or corporation that would be
30 exempt from property tax under RCW 84.36.030(1) if it owned the
31 property. If the publicly owned property is used for any taxable
32 purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and
33 82.29A.040 must be imposed and must be apportioned accordingly.

34 (14) All leasehold interests in the public or entertainment areas
35 of a baseball stadium with natural turf and a retractable roof or
36 canopy that is in a county with a population of over 1,000,000, that
37 has a seating capacity of over 40,000, and that is constructed on or
38 after January 1, 1995. "Public or entertainment areas" include ticket
39 sales areas, ramps and stairs, lobbies and concourses, parking areas,
40 concession areas, restaurants, hospitality and stadium club areas,

1 kitchens or other work areas primarily servicing other public or
2 entertainment areas, public rest room areas, press and media areas,
3 control booths, broadcast and production areas, retail sales areas,
4 museum and exhibit areas, scoreboards or other public displays,
5 storage areas, loading, staging, and servicing areas, seating areas
6 and suites, the playing field, and any other areas to which the
7 public has access or which are used for the production of the
8 entertainment event or other public usage, and any other personal
9 property used for these purposes. "Public or entertainment areas"
10 does not include locker rooms or private offices exclusively used by
11 the lessee.

12 (15) All leasehold interests in the public or entertainment areas
13 of a stadium and exhibition center, as defined in RCW 36.102.010,
14 that is constructed on or after January 1, 1998. For the purposes of
15 this subsection, "public or entertainment areas" has the same meaning
16 as in subsection (14) of this section, and includes exhibition areas.

17 (16) All leasehold interests in public facilities districts, as
18 provided in chapter 36.100 or 35.57 RCW.

19 (17) All leasehold interests in property that is: (a) Owned by
20 the United States government or a municipal corporation; (b) listed
21 on any federal or state register of historical sites; and (c) wholly
22 contained within a designated national historic reserve under 16
23 U.S.C. Sec. 461.

24 (18) All leasehold interests in the public or entertainment areas
25 of an amphitheater if a private entity is responsible for 100 percent
26 of the cost of constructing the amphitheater which is not reimbursed
27 by the public owner, both the public owner and the private lessee
28 sponsor events at the facility on a regular basis, the lessee is
29 responsible under the lease or agreement to operate and maintain the
30 facility, and the amphitheater has a seating capacity of over 17,000
31 reserved and general admission seats and is in a county that had a
32 population of over 350,000, but less than 425,000 when the
33 amphitheater first opened to the public.

34 For the purposes of this subsection, "public or entertainment
35 areas" include box offices or other ticket sales areas, entrance
36 gates, ramps and stairs, lobbies and concourses, parking areas,
37 concession areas, restaurants, hospitality areas, kitchens or other
38 work areas primarily servicing other public or entertainment areas,
39 public rest room areas, press and media areas, control booths,
40 broadcast and production areas, retail sales areas, museum and

1 exhibit areas, scoreboards or other public displays, storage areas,
2 loading, staging, and servicing areas, seating areas including lawn
3 seating areas and suites, stages, and any other areas to which the
4 public has access or which are used for the production of the
5 entertainment event or other public usage, and any other personal
6 property used for these purposes. "Public or entertainment areas"
7 does not include office areas used predominately by the lessee.

8 (19) (~~All~~) Until January 1, 2025, all leasehold interests in
9 real property used for the placement of military housing meeting the
10 requirements of RCW 84.36.665.

11 (20) All leasehold interests in facilities owned or used by a
12 community college or technical college, which leasehold interest
13 provides:

14 (a) Food services for students, faculty, and staff;

15 (b) The operation of a bookstore on campus; or

16 (c) Maintenance, operational, or administrative services to the
17 community college or technical college.

18 (21)(a) All leasehold interests in the public or entertainment
19 areas of an arena if it:

20 (i) Has a seating capacity of more than 2,000;

21 (ii) Is located on city-owned land; and

22 (iii) Is owned by a city with a population over 200,000 within a
23 county with a population of less than 1,500,000.

24 (b) For the purposes of this subsection (21), "public or
25 entertainment areas" has the same meaning as provided in subsection
26 (18) of this section.

27 (22) All leasehold interests in facilities owned by the state
28 parks and recreation commission that are listed on the national
29 register of historic places or the Washington heritage register.

30 (23)(a) All leasehold interests in the public or entertainment
31 areas of an arena if:

32 (i) The arena has a seating capacity of more than 4,000;

33 (ii) The arena is located on city-owned land;

34 (iii) The arena is located within a city with a population over
35 100,000; and

36 (iv) Private entities were responsible for 100 percent of the
37 cost of constructing improvements to the arena, which were not
38 reimbursed by the public owner.

39 (b) For the purposes of this subsection (23), "public or
40 entertainment areas" has the same meaning as provided in subsection

1 (18) of this section, except that it also includes office areas used
2 predominately by the lessee.

3 (c) A taxpayer claiming an exemption under this subsection (23)
4 must file a complete annual tax performance report as provided in RCW
5 82.32.534.

6 (d) This subsection (23) does not apply to leasehold interests on
7 or after October 1, 2033.

8 **Sec. 4.** RCW 82.29A.130 and 2019 c 335 s 1 are each amended to
9 read as follows:

10 The following leasehold interests are exempt from taxes imposed
11 pursuant to RCW 82.29A.030 and 82.29A.040:

12 (1) All leasehold interests constituting a part of the operating
13 properties of any public utility that is assessed and taxed as a
14 public utility pursuant to chapter 84.12 RCW.

15 (2) All leasehold interests in facilities owned or used by a
16 school, college or university which leasehold provides housing for
17 students and which is otherwise exempt from taxation under provisions
18 of RCW 84.36.010 and 84.36.050.

19 (3) All leasehold interests of subsidized housing where the fee
20 ownership of such property is vested in the government of the United
21 States, or the state of Washington or any political subdivision
22 thereof but only if income qualification exists for such housing.

23 (4) All leasehold interests used for fair purposes of a nonprofit
24 fair association that sponsors or conducts a fair or fairs which
25 receive support from revenues collected pursuant to RCW 67.16.100 and
26 allocated by the director of the department of agriculture where the
27 fee ownership of such property is vested in the government of the
28 United States, the state of Washington or any of its political
29 subdivisions. However, this exemption does not apply to the leasehold
30 interest of any sublessee of such nonprofit fair association if such
31 leasehold interest would be taxable if it were the primary lease.

32 (5) All leasehold interests in any property of any public entity
33 used as a residence by an employee of that public entity who is
34 required as a condition of employment to live in the publicly owned
35 property.

36 (6) All leasehold interests held by enrolled Indians of lands
37 owned or held by any Indian or Indian tribe where the fee ownership
38 of such property is vested in or held in trust by the United States

1 and which are not subleased to other than to a lessee which would
2 qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

3 (7) All leasehold interests in any real property of any Indian or
4 Indian tribe, band, or community that is held in trust by the United
5 States or is subject to a restriction against alienation imposed by
6 the United States. However, this exemption applies only where it is
7 determined that contract rent paid is greater than or equal to ninety
8 percent of fair market rental, to be determined by the department of
9 revenue using the same criteria used to establish taxable rent in RCW
10 82.29A.020(2)(g).

11 (8) All leasehold interests for which annual taxable rent is less
12 than two hundred fifty dollars per year. For purposes of this
13 subsection leasehold interests held by the same lessee in contiguous
14 properties owned by the same lessor are deemed a single leasehold
15 interest.

16 (9) All leasehold interests which give use or possession of the
17 leased property for a continuous period of less than thirty days:
18 PROVIDED, That for purposes of this subsection, successive leases or
19 lease renewals giving substantially continuous use of possession of
20 the same property to the same lessee are deemed a single leasehold
21 interest: PROVIDED FURTHER, That no leasehold interest is deemed to
22 give use or possession for a period of less than thirty days solely
23 by virtue of the reservation by the public lessor of the right to use
24 the property or to allow third parties to use the property on an
25 occasional, temporary basis.

26 (10) All leasehold interests under month-to-month leases in
27 residential units rented for residential purposes of the lessee
28 pending destruction or removal for the purpose of constructing a
29 public highway or building.

30 (11) All leasehold interests in any publicly owned real or
31 personal property to the extent such leasehold interests arises
32 solely by virtue of a contract for public improvements or work
33 executed under the public works statutes of this state or of the
34 United States between the public owner of the property and a
35 contractor.

36 (12) All leasehold interests that give use or possession of state
37 adult correctional facilities for the purposes of operating
38 correctional industries under RCW 72.09.100.

39 (13) All leasehold interests used to provide organized and
40 supervised recreational activities for persons with disabilities of

1 all ages in a camp facility and for public recreational purposes by a
2 nonprofit organization, association, or corporation that would be
3 exempt from property tax under RCW 84.36.030(1) if it owned the
4 property. If the publicly owned property is used for any taxable
5 purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and
6 82.29A.040 must be imposed and must be apportioned accordingly.

7 (14) All leasehold interests in the public or entertainment areas
8 of a baseball stadium with natural turf and a retractable roof or
9 canopy that is in a county with a population of over one million,
10 that has a seating capacity of over forty thousand, and that is
11 constructed on or after January 1, 1995. "Public or entertainment
12 areas" include ticket sales areas, ramps and stairs, lobbies and
13 concourses, parking areas, concession areas, restaurants, hospitality
14 and stadium club areas, kitchens or other work areas primarily
15 servicing other public or entertainment areas, public rest room
16 areas, press and media areas, control booths, broadcast and
17 production areas, retail sales areas, museum and exhibit areas,
18 scoreboards or other public displays, storage areas, loading,
19 staging, and servicing areas, seating areas and suites, the playing
20 field, and any other areas to which the public has access or which
21 are used for the production of the entertainment event or other
22 public usage, and any other personal property used for these
23 purposes. "Public or entertainment areas" does not include locker
24 rooms or private offices exclusively used by the lessee.

25 (15) All leasehold interests in the public or entertainment areas
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29 as in subsection (14) of this section, and includes exhibition areas.

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38 of an amphitheater if a private entity is responsible for one hundred
39 percent of the cost of constructing the amphitheater which is not
40 reimbursed by the public owner, both the public owner and the private

1 lessee sponsor events at the facility on a regular basis, the lessee
2 is responsible under the lease or agreement to operate and maintain
3 the facility, and the amphitheater has a seating capacity of over
4 seventeen thousand reserved and general admission seats and is in a
5 county that had a population of over three hundred fifty thousand,
6 but less than four hundred twenty-five thousand when the amphitheater
7 first opened to the public.

8 For the purposes of this subsection, "public or entertainment
9 areas" include box offices or other ticket sales areas, entrance
10 gates, ramps and stairs, lobbies and concourses, parking areas,
11 concession areas, restaurants, hospitality areas, kitchens or other
12 work areas primarily servicing other public or entertainment areas,
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15 exhibit areas, scoreboards or other public displays, storage areas,
16 loading, staging, and servicing areas, seating areas including lawn
17 seating areas and suites, stages, and any other areas to which the
18 public has access or which are used for the production of the
19 entertainment event or other public usage, and any other personal
20 property used for these purposes. "Public or entertainment areas"
21 does not include office areas used predominately by the lessee.

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23 real property used for the placement of military housing meeting the
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26 community college or technical college, which leasehold interest
27 provides:

- 28 (a) Food services for students, faculty, and staff;
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30 (c) Maintenance, operational, or administrative services to the
31 community college or technical college.

32 (21)(a) All leasehold interests in the public or entertainment
33 areas of an arena if it:

- 34 (i) Has a seating capacity of more than two thousand;
35 (ii) Is located on city-owned land; and
36 (iii) Is owned by a city with a population over two hundred
37 thousand within a county with a population of less than one million
38 five hundred thousand.

1 (b) For the purposes of this subsection (21), "public or
2 entertainment areas" has the same meaning as provided in subsection
3 (18) of this section.

4 NEW SECTION. **Sec. 5.** Section 1 of this act applies to taxes
5 levied for collection in 2025 and thereafter.

6 NEW SECTION. **Sec. 6.** Section 3 of this act expires January 1,
7 2034.

8 NEW SECTION. **Sec. 7.** Section 4 of this act takes effect January
9 1, 2034.

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