



Leasehold Excise Tax



82.29A.020(1) - Manufacturing for government

Description The term "leasehold interest" excludes any interest in personal property owned by the United States government or a foreign government, if the right to use such property is part of a contract to produce articles for sale to these governments.

Purpose Minimizes the cost of the articles produced and to encourage the federal government to contract with Washington businesses.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

Assumptions

- Tooling held for defense contracts is usually owned by the government, and bailed back to the contractors. When a contract ends, the tooling, being property of the government, returns to the government.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study
- Department of Revenue excise tax returns

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Contractors with the federal and foreign governments
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.29A.020(1)(b)(i) - Easements for removing products

Description The term "leasehold interest" excludes road or utility easements, and rights of access, occupancy or use granted solely for the purpose of removing materials or products purchased from a public owner or lessee, and rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration.

Purpose To minimize costs to private firms and individuals who use public lands for these purposes.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.252	\$0.258	\$0.264	\$0.271
Local Taxes	\$0.221	\$0.226	\$0.232	\$0.238

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.258	\$0.264	\$0.271
Local Taxes	\$0.000	\$0.226	\$0.232	\$0.238

Assumptions

- Growth in value of these easements will mirror the general forecasted growth for leasehold excise tax collections.
- Any possible single, high-value easement granted during the scope of this estimate would pull these numbers higher.
- Fewer than 50 such easements rights are granted for product removal annually.

Data Sources

- Washington State Department of Revenue Tax Statistics
- Washington State Economic and Revenue Forecast Council

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1976
Primary Beneficiaries:	Utility companies and other businesses and individuals who must have long-term access across public lands or who use public roads on a temporary basis to remove timber, minerals, etc. that are purchased from public entities
Taxpayer Count:	Fewer than 50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.020(1)(b)(ii) - Publicly owned cargo cranes & docks

Description The term "leasehold interest" does not include the preferential use of publicly owned cargo cranes and docks and associated areas used in the loading and discharging of cargo located at a port district marine facility.

Purpose To minimize costs to private firms and individuals who use public lands for these purposes.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$5.118	\$5.226	\$5.357	\$5.498
Local Taxes	\$4.490	\$4.585	\$4.699	\$4.823

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$5.226	\$5.357	\$5.498
Local Taxes	\$0.000	\$4.585	\$4.699	\$4.823

Assumptions

- Port of Vancouver and Port of Everett rents are 50 percent of the averages of those in Seattle and Tacoma.
- Port of Olympia rents are 30 percent of the averages of those in Seattle and Tacoma.

Data Sources

- Audit Division, Department of Revenue
- Special Programs Division, Department of Revenue
- Washington State Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2012
Primary Beneficiaries:	Private entity using publically owned cargo cranes, docks, and associated areas
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2022

82.29A.020(2b) - Hanford lease fees

Description For purposes of determining leasehold tax on lands on the Hanford reservation which are subleased to a private or public entity by the Department of Ecology, the term "taxable rent" includes only the annual cash rental payment and does not include fees, assessments or other charges.

Purpose To reduce the cost of such leases.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

Assumptions

This data is not disclosable due to confidentiality requirements. This exemption impacts fewer than three taxpayers.

Data Sources

Washington State Department of Ecology

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1991
Primary Beneficiaries:	Companies providing radioactive waste cleanup at Hanford
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.29A.120(1) - Senior and disabled homeowners exemption OR Credit for excessive leasehold tax

Description A credit is allowed against leasehold excise tax for a lease of property that would qualify for a property tax exemption under RCW 84.36.381 if the property were privately owned. The allowable credit amount is a percentage equal to the percentage reduction from the property tax exemption under RCW 84.36.381.

Purpose To provide similar exemption allowed for property tax.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

No data is available to determine if this credit is being utilized.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1986
Primary Beneficiaries:	Lessees of public property
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.29A.120(2) - Product leases credit of 33 percent

Description A credit equal to 33 percent of the tax otherwise due on product leases, i.e., leases where the lessee pays the lessor a percentage of the value of the crop produced on the land.

Purpose To support agriculture.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.309	\$0.315	\$0.323	\$0.332
Local Taxes	\$0.271	\$0.277	\$0.283	\$0.291

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.315	\$0.323	\$0.332
Local Taxes	\$0.000	\$0.277	\$0.283	\$0.291

Assumptions

Annual growth of 3.6 percent.

Data Sources

- Department of Revenue leasehold tax databases
- Washington State Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1976
Primary Beneficiaries:	Farmers who produce crops or graze livestock on publicly owned land
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.125 - Electric vehicle infrastructure

Description Provides that leasehold interests in public lands are exempt from state and local leasehold excise taxes, if the purpose of the leasehold interest is to install, maintain, and operate electric vehicle infrastructure. This exemption expires January 1, 2020.

Purpose To encourage installation of electric vehicle infrastructure.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	\$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- The revenue impact of this exemption is indeterminate.
- The number of charging stations located on public property is Indeterminate but the impact to the leasehold excise tax is thought to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Owners of electric vehicle charging facilities
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.29A.130(3) - Subsidized housing

Description A lease of subsidized housing owned by the U.S. government, the state, or any political subdivision is not subject to leasehold excise tax. There must be an income qualification for such housing in order for the exemption to apply.

Purpose To support public housing for low-income individuals.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$10.431	\$10.829	\$11.242	\$11.671
Local Taxes	\$9.150	\$9.499	\$9.861	\$10.238

Repeal of exemption

Repealing this exemption may increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$10.829	\$11.242	\$11.671
Local Taxes	\$0.000	\$9.499	\$9.861	\$10.238

Assumptions

- Annual increase in monthly rents for the period of this estimate will match the observed increases from 2004 - 2013.
- Number of subsidized housing units will remain the same over the period of this estimate.

Data Sources

- Washington State Department of Revenue 2012 Exemption Study
- United States Department of Housing and Urban Development
- University of Washington Center for Real Estate Research

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Public housing authorities and the individuals who reside in subsidized housing
Taxpayer Count:	14,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.29A.130(5) - Public employee housing

Description When public employees are required by the terms of their employment to live in a publicly owned property (e.g., at state parks), the leasehold interest in that property used as the employee's residence is not subject to leasehold excise tax.

Purpose This exemption supports legislative policy to not tax government. Also, the tax would in essence reduce employee compensation or increase government costs.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.116	\$0.118	\$0.121	\$0.124
Local Taxes	\$0.101	\$0.104	\$0.106	\$0.109

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.118	\$0.121	\$0.124
Local Taxes	\$0.000	\$0.104	\$0.106	\$0.109

Assumptions

The arrangement between the Washington State Department of Parks and Recreation and its employees is still the same in regards to these living arrangements.

Data Sources

- Washington State Department of Revenue Tax Statistics publication
- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Parks and Recreation

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Public employees who must live in government housing
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(6-7) - Indian trust lands

Description Leasehold interest in Indian lands by any Indian or Indian tribe is exempt from leasehold tax for property held in trust by the United States. Leases by non-Indians are exempt when the contract rent paid is greater than or equal to 90 percent of fair market rental value.

Purpose Federal law prohibits the taxation of trust lands of enrolled Indians.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.846	\$0.864	\$0.886	\$0.909
Local Taxes	\$0.742	\$0.758	\$0.777	\$0.797

Repeal of exemption

State taxation of nontribal members is not prohibited but could lead to litigation.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.792	\$0.886	\$0.909
Local Taxes	\$0.000	\$0.695	\$0.777	\$0.797

Assumptions

- The ratio of statewide retail leases per square foot to leases at Quilceda Village in 2011 is consistent with the same ratio in 2014.
- No additional retail square footage will be added between FY 2016 and FY 2021.
- Occupancy rates will remain consistent throughout estimate period.

Data Sources

- Loopnet.com
- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study
- Washington State Tax Statistics Publication

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Indians and non-Indians with qualifying leases of Indian property
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(8-9) - Leases less than \$250 per year or 30 days

Description Leases of public property are exempt from leasehold tax if the total annual rent is less than \$250 or if the lease period does not exceed 30 consecutive days in duration.

Purpose The \$250 annual threshold supports small businesses and provides administrative convenience for both lessees and lessors. The 30 day threshold can apply to both small and large lessees. It encourages short-term events, such as sporting events and trade shows, to take place in Washington.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$1.365	\$1.416	\$1.467	\$1.521
Local Taxes	\$1.198	\$1.242	\$1.287	\$1.334

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$1.298	\$1.467	\$1.521
Local Taxes	\$0.000	\$1.138	\$1.287	\$1.334

Assumptions

- Future growth rate for leasehold excise tax will mirror historical growth rates.
- Base number adjustment used in 2012 exemption study is accurate.

Data Sources

- 2012 Washington State Department of Revenue Exemption Study
- Department of Revenue Tax Statistics publication

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1976
Primary Beneficiaries:	Qualifying lessees
Taxpayer Count:	Less than 100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.29A.130(10) - Homes pending destruction

Description Month-to-month leases in residential units rented for residential purposes pending destruction or removal to construct a public highway or building are exempt from leasehold tax.

Purpose When a private residence is either condemned or purchased outright to make way for a public project, this exemption provides tax relief during the transition period.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.048	\$0.050	\$0.052	\$0.054
Local Taxes	\$0.042	\$0.044	\$0.046	\$0.047

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.050	\$0.052	\$0.054
Local Taxes	\$0.000	\$0.044	\$0.046	\$0.047

Assumptions

- Future growth rate for leasehold excise tax will mirror historical growth rates.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue Leasehold Excise tax data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1976
Primary Beneficiaries:	Residents of homes awaiting destruction or removal
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(11) - Public works contracts

Description Leasehold excise tax does not apply to leasehold interests of public works contractors who use public property while completing public works projects for the State or the federal government.

Purpose To minimize the cost to government of public works construction projects.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.039	\$0.041	\$0.042	\$0.044
Local Taxes	\$0.034	\$0.036	\$0.037	\$0.038

Repeal of exemption

Repealing this exemption may possibly increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.041	\$0.042	\$0.044
Local Taxes	\$0.000	\$0.036	\$0.037	\$0.038

Assumptions

Future growth rate for leasehold excise tax will mirror historical growth rates.

Data Sources

Department of Revenue Tax Statistics

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Public works contractors and the government entities with whom they contract
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(12) - Inmate employment programs

Description This statute provides leasehold tax exemption for businesses that use space in State adult correctional facilities in conjunction with comprehensive inmate work programs.

Purpose To promote inmate work programs.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- Class 1 Department of Corrections (DOC) industries were ruled unconstitutional by the Washington State Supreme Court in 2004.
- There is no revenue impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1992
Primary Beneficiaries:	None currently
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.29A.130(13) - Camps for disabled persons

Description Leasehold interests of nonprofit, social service organizations used to provide organized and supervised recreational activities for disabled persons of all ages in a camp facility and for public recreational purposes are exempt from leasehold tax.

Purpose To support the activities of qualifying nonprofit organizations.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.243	\$0.248	\$0.254	\$0.261
Local Taxes	\$0.213	\$0.217	\$0.223	\$0.229

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.227	\$0.254	\$0.261
Local Taxes	\$0.000	\$0.199	\$0.223	\$0.229

Assumptions

- Growth in exemption for these camps will mirror the forecast growth rate for all leasehold excise tax.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.

Data Sources

- Various websites for camps for disabled persons
- Department of Revenue Tax Statistics publication
- Economic and Revenue Forecast Council February 2015 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Organizations that operate camps for disabled person on leased pubic property
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.29A.130(14) - Professional baseball stadium

Description All leasehold interests in the public or entertainment areas of a professional baseball stadium located in a county with a population of over one million (e.g. Seattle) are exempt from the leasehold tax. The baseball stadium must have natural turf, a retractable roof or canopy, seating capacity of at least 40,000, and is complete after January 1, 1995, to be eligible for the exemption. The exemption does not extend to nonpublic areas of the stadium such as locker rooms and private offices used exclusively by the lessee.

Purpose To encourage construction and operation of Safeco Field in King County.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

Assumptions

- Growth of original lease is tied to consumer price index.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Mariners lease agreement
- Bureau of Labor Statistics

Continued

82.29A.130(14) - Professional baseball stadium

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	The Seattle Mariners
Taxpayer Count:	1
Program Inconsistency:	Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and leasehold tax does not apply
JLARC Review:	JLARC completed an expedited review in 2013

82.29A.130(15) - Professional football stadium

Description A leasehold tax exemption for all leasehold interests in the public or entertainment areas of an open-air stadium that is suitable for professional football and Olympic/World Cup soccer constructed after January 1, 1998. The exemption also applies to an exhibition center and associated work areas primarily servicing public or entertainment areas such as parking facilities adjacent to the stadium. The exemption does not extend to nonpublic areas of the stadium, such as locker rooms and private offices used exclusively by the lessee.

Purpose To encourage construction and operation of Century Link Field & Exhibition Center.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

Assumptions

- Expiration of this exemption on July 1, 2016 would lead to a full year of collections based on quarterly payment schedule of leasehold excise tax.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Washington State Public Stadium Authority
- Washington State Economic and Revenue Forecast Council

Continued

82.29A.130(15) - Professional football stadium

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Seattle Seahawks and Seattle Sounders
Taxpayer Count:	1
Program Inconsistency:	Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and leasehold tax does not apply
JLARC Review:	JLARC completed an expedited review in 2014

82.29A.130(16) - Public facilities districts

Description Leasehold tax does not apply to leasehold interests in property owned by public facilities districts. Facilities covered by the exemption include sports facilities, entertainment venues, conference and convention centers and special events facilities.

Purpose To encourage construction and utilization of these public facilities.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$1.108	\$1.131	\$1.160	\$1.190
Local Taxes	\$0.972	\$0.992	\$1.017	\$1.044

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$1.131	\$1.160	\$1.190
Local Taxes	\$0.000	\$0.992	\$1.017	\$1.044

Assumptions

- Growth in building rent for the preceding 4 years has mirrored the overall growth rate in Leasehold excise tax collections.
- Future growth in building rent will mirror the forecasted growth rate over the length of this estimate.
- No new facilities will utilize this exemption for the length of this estimate.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study
- Washington State 2011 Tax Statistics Publication
- Washington State Auditor's Office

Continued

82.29A.130(16) - Public facilities districts

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1999
Primary Beneficiaries:	Public facility districts and persons who lease these facilities
Taxpayer Count:	24
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.29A.130(17) - Historic property

Description Exemption from leasehold excise tax for leasehold interests in property owned by a municipality or the federal government listed on a federal or state historical register and located within a designated national historic reserve.

Purpose To support the social benefits provided by publicly owned historical sites.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.023	\$0.024	\$0.024	\$0.024
Local Taxes	\$0.021	\$0.021	\$0.021	\$0.021

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.024	\$0.024	\$0.024
Local Taxes	\$0.000	\$0.021	\$0.021	\$0.021

Assumptions

Annual growth of 1.2 percent.

Data Sources

- Fort Vancouver National Trust
- National Park Service

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Lessees of historical property within national historic reserves
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.29A.130(18) - Clark County amphitheater

Description Exemption from leasehold excise tax is allowed for leasehold interests in the public or entertainment areas of a privately constructed, operated and maintained amphitheater, where both the public owner and the private lessee regularly sponsor events, with a seating capacity of at least 17,000 and is located in a county with a population over 350,000 and less than 425,000 at the time it opened. The exemption does not extend to private offices used predominately by the lessee.

Purpose To encourage construction, maintenance and operation of an amphitheater in Clark County.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

Assumptions

- No growth rate assumed, numbers provided are per lease agreement.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Clark County

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Lessees of the Clark County amphitheater
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.29A.130(19) - Military housing

Description Certain military housing units and ancillary supporting facilities are exempt from property tax and leasehold excise tax. The housing must be located on land owned in fee by the federal government, be used for housing military personnel and their families, and be provided by a development project under the federal Military Housing Privatization Initiative of 1996.

Purpose To support military housing.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.284	\$0.292	\$0.301	\$0.310
Local Taxes	\$0.249	\$0.256	\$0.264	\$0.272

Repeal of exemption

Repealing this exemption may possibly increase revenues. The Department would have to bill individual renters for the leasehold tax. This could be difficult in the changing military environment.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.292	\$0.301	\$0.310
Local Taxes	\$0.000	\$0.256	\$0.264	\$0.272

Assumptions

- No new projects have been undertaken in the last four years (per Office of the Deputy Under Secretary of Defense Installations and Environments website)
- Average rents will increase three percent per year.

Data Sources

- Office of the Deputy Under Secretary of Defense Installations and Environments
- Economic and Revenue Forecast Council, February 2015 forecast
- Washington Center for Real Estate Research

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Companies that own military housing on federal land and their renters
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.29A.132 - 2nd Narrows bridge

Description There is a leasehold tax exemption for all leasehold interests in the state route number 16 corridor transportation systems and facilities constructed and operated under chapter 47.46. This includes the second bridge over Puget Sound at the Tacoma Narrows and its approaches.

Purpose This exemption was predicated upon the assumption that upon completion of the bridge, the state would lease the bridge to the private entity that constructed the facility to operate and maintain it for the term of the lease. This statute exempted such a lease from leasehold excise tax. However, the leasing arrangements have since changed and no lease of the facility is contemplated.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. No public property described under this exemption is being leased at this time.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

No lease of the facility is currently contemplated.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	Not applicable
JLARC Review:	JLARC completed an expedited review in 2014

82.29A.134 - Regional Transit Authority Sales and Leasebacks

Description Leasehold interests in property owned by a Regional Transit Authority (RTA) are exempt from leasehold excise tax, if they are in connection with a sale/leaseback arrangement pursuant to RCW 81.112.300.

Purpose The sale/leaseback arrangement (technically a lease/leaseback) is a financing mechanism to facilitate the acquisition of personal property by a RTA.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- The RTA does not use this exemption due to a change in policy by the IRS which no longer allows the investor to write-off depreciation of the equipment.
- No impact.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	Sound Transit and the investor who acquires equipment by this method
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.29A.135 - Manufacturing alternative fuels

Description Leasehold interests in real and personal property used primarily for manufacturing alcohol fuel, biodiesel fuel, biodiesel feedstock, wood biomass fuel and the operation of an anaerobic digester are exempt from leasehold tax. Firms may apply for the exemption if they are operational before the end of 2015; applications for anaerobic digesters are due by the end of 2012. The exemption is available for six years after the facility is operational.

Purpose To encourage the production of alcohol for use in gasohol fuel and reduce the reliance on petroleum-based fuel.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- No applications for this exemption will be accepted after December 31, 2015.
- This exemption is set to expire before the revenue evaluation period for this exemption.
- Although this exemption provides taxpayer savings it is assumed that no revenue would be realized as the Department is unlikely to revoke a previously granted exemption.

Data Sources

Department of Revenue Special Programs Division

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1980
Primary Beneficiaries:	Manufacturers of alternative fuels
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.29A.136 - Residential and recreational developments

Description Leasehold interests comprised of three thousand or more residential and recreational lots which are or may be subleased for residential or recreational purposes are exempt from leasehold excise tax and subject instead to property taxes.

Purpose To treat these lots in a similar manner to other housing and recreational properties. Lessees avoid a processing fee and the properties are governed by the various limits on property tax levies.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.140	\$0.146	\$0.154	\$0.163
Local Taxes	(\$0.628)	(\$0.685)	(\$0.745)	(\$0.809)

Repeal of exemption

Repealing this exemption would increase revenues for the leasehold tax. Property taxes would decrease.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.113	\$0.154	\$0.163
Local Taxes	\$0.000	(\$0.713)	(\$0.745)	(\$0.809)

Assumptions

- Leasehold excise tax growth rate mirrors that reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of leasehold excise tax collections in Fiscal Year 2017 due to the July 1, 2016 effective date.

Data Sources

- County Assessor data
- Economic and Revenue Forecast Council February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2001
Primary Beneficiaries:	Lessees of lots at Lake Cushman which are owned by the City of Tacoma
Taxpayer Count:	3,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.29A.137 - Super-efficient airplane production facilities

Description Leasehold interests held by a manufacturer of a super-efficient airplane in property of a port district are exempt from leasehold excise tax. This exemption expires July 1, 2040.

Purpose Encourages the production of super-efficient airplanes in Washington.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

If anyone did take this exemption, then repeal would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

- There are no known manufacturers of super-efficient airplanes located on port property and none are expected through Fiscal Year 2019.
- July 1, 2016 effective date.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	There are no known beneficiaries
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.29A.138 - Amateur radio repeaters

Description Owners of amateur radio repeaters (transmission facilities to extend the range of radio signals) which are located on leased public property are exempt from leasehold excise tax. These facilities must be available to public agencies that are qualified responders for use in emergency communications.

Purpose To encourage emergency communication equipment for amateur radio operators.

Taxpayer savings

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.007	\$0.007	\$0.008	\$0.008
Local Taxes	\$0.006	\$0.006	\$0.007	\$0.007

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	\$0.000	\$0.007	\$0.008	\$0.008
Local Taxes	\$0.000	\$0.006	\$0.007	\$0.007

Assumptions

- Growth rate is a combination of personal income growth for all Washington and actual growth rate between Fiscal Year 2011 and Fiscal Year 2015.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.

Data Sources

- Department of Natural Resources
- Office of Financial Management

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Amateur radio operators and amateur radio clubs
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018