

SENATE BILL REPORT

HB 2058

As of February 24, 2022

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

Committee Activity: Ways & Means: 2/24/22.

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.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

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

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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.

Tax Preference Performance Statement. State law provides a range of tax preferences that confer reduced tax liability upon a designated class of taxpayer. Tax preferences include tax exclusions, deductions, exemptions, preferential tax rates, deferrals, and credits. Washington has over 700 tax preferences, including a variety of sales and use tax exemptions. Legislation that establishes or expands a tax preference must include a tax preference performance statement that identifies the public policy objective of the preference, as well as specific metrics that the Joint Legislative Audit and Review Committee can use to evaluate the effectiveness of the preference. All new tax preferences automatically expire after ten years unless an alternative expiration date is provided.

Summary of Bill: A leasehold tax exemption is available for leasehold interests in State Parks and Recreation Commission-owned facilities listed on the National Register or the Washington Register.

The exemption is permanent and not subject to tax preference performance review or automatic expiration.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: Tax incentives allow the state to engage partners for the preservation of historic sites. This bill creates another tool for allowing tenants to utilize and reinvest in these areas. The tax exemption will attract investors to make financial contributions to historic areas. Investments are harder to secure without incentives like the leasehold excise tax exemption. These historic sites are a value part of the local community.

Persons Testifying: PRO: David Timmons, Fort Worden Public Development Authority; Owen Rowe, Washington State Parks and Recreation Commission, Policy and

Governmental Affairs Director.

Persons Signed In To Testify But Not Testifying: No one.