
SENATE BILL 5743

State of Washington

55th Legislature

1997 Regular Session

By Senators Wood, Kohl, Hale and Kline; by request of Department of Revenue

Read first time 02/10/97. Referred to Committee on Ways & Means.

1 AN ACT Relating to the creation of a leasehold excise tax exemption
2 for organizations qualified under section 501(c)(3) of the internal
3 revenue code that provide student housing; amending RCW 82.29A.130; and
4 providing an effective date.

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

6 **Sec. 1.** RCW 82.29A.130 and 1995 3rd sp.s. c 1 s 307 are each
7 amended to read as follows:

8 The following leasehold interests shall be exempt from taxes
9 imposed pursuant to RCW 82.29A.030 and 82.29A.040:

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

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

17 (3)(a) All leasehold interests granted by a public college or
18 university to a nonprofit organization, association, or corporation for
19 a nominal amount of rent determined without reference to fair market

1 value, in connection with the construction or renovation of housing for
2 students to the extent that the housing is subleased to:

3 (i) Students who attend the public college or university; and

4 (ii) Resident managers or managers required by the college or
5 university to live in the housing under the contract between the public
6 college or university and the nonprofit organization, association, or
7 corporation.

8 (b) To receive this exemption, the nonprofit organization,
9 association, or corporation must be qualified for exemption under
10 section 501(c)(3) of the internal revenue code of 1986 (26 U.S.C. Sec.
11 501(c)(3)).

12 (4) All leasehold interests of subsidized housing where the fee
13 ownership of such property is vested in the government of the United
14 States, or the state of Washington or any political subdivision thereof
15 but only if income qualification exists for such housing.

16 ~~((+4))~~ (5) All leasehold interests used for fair purposes of a
17 nonprofit fair association that sponsors or conducts a fair or fairs
18 which receive support from revenues collected pursuant to RCW 67.16.100
19 and allocated by the director of the department of agriculture where
20 the fee ownership of such property is vested in the government of the
21 United States, the state of Washington or any of its political
22 subdivisions: PROVIDED, That this exemption shall not apply to the
23 leasehold interest of any sublessee of such nonprofit fair association
24 if such leasehold interest would be taxable if it were the primary
25 lease.

26 ~~((+5))~~ (6) All leasehold interests in any property of any public
27 entity used as a residence by an employee of that public entity who is
28 required as a condition of employment to live in the publicly owned
29 property.

30 ~~((+6))~~ (7) All leasehold interests held by enrolled Indians of
31 lands owned or held by any Indian or Indian tribe where the fee
32 ownership of such property is vested in or held in trust by the United
33 States and which are not subleased to other than to a lessee which
34 would qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

35 ~~((+7))~~ (8) All leasehold interests in any real property of any
36 Indian or Indian tribe, band, or community that is held in trust by the
37 United States or is subject to a restriction against alienation imposed
38 by the United States: PROVIDED, That this exemption shall apply only
39 where it is determined that contract rent paid is greater than or equal

1 to ninety percent of fair market rental, to be determined by the
2 department of revenue using the same criteria used to establish taxable
3 rent in RCW 82.29A.020(2)(b).

4 ~~((+8+))~~ (9) All leasehold interests for which annual taxable rent
5 is less than two hundred fifty dollars per year. For purposes of this
6 subsection leasehold interests held by the same lessee in contiguous
7 properties owned by the same lessor shall be deemed a single leasehold
8 interest.

9 ~~((+9+))~~ (10) All leasehold interests which give use or possession
10 of the leased property for a continuous period of less than thirty
11 days: PROVIDED, That for purposes of this subsection, successive
12 leases or lease renewals giving substantially continuous use of
13 possession of the same property to the same lessee shall be deemed a
14 single leasehold interest: PROVIDED FURTHER, That no leasehold
15 interest shall be deemed to give use or possession for a period of less
16 than thirty days solely by virtue of the reservation by the public
17 lessor of the right to use the property or to allow third parties to
18 use the property on an occasional, temporary basis.

19 ~~((+10+))~~ (11) All leasehold interests under month-to-month leases
20 in residential units rented for residential purposes of the lessee
21 pending destruction or removal for the purpose of constructing a public
22 highway or building.

23 ~~((+11+))~~ (12) All leasehold interests in any publicly owned real or
24 personal property to the extent such leasehold interests arises solely
25 by virtue of a contract for public improvements or work executed under
26 the public works statutes of this state or of the United States between
27 the public owner of the property and a contractor.

28 ~~((+12+))~~ (13) All leasehold interests that give use or possession
29 of state adult correctional facilities for the purposes of operating
30 correctional industries under RCW 72.09.100.

31 ~~((+13+))~~ (14) All leasehold interests used to provide organized and
32 supervised recreational activities for disabled persons of all ages in
33 a camp facility and for public recreational purposes by a nonprofit
34 organization, association, or corporation that would be exempt from
35 property tax under RCW 84.36.030(1) if it owned the property. If the
36 publicly owned property is used for any taxable purpose, the leasehold
37 excise taxes set forth in RCW 82.29A.030 and 82.29A.040 shall be
38 imposed and shall be apportioned accordingly.

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

19 NEW SECTION. **Sec. 2.** This act takes effect January 1, 1998.

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