

# SENATE BILL REPORT

## SSB 5328

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As Passed Senate, March 9, 1999

**Title:** An act relating to an exemption in the leasehold tax for commercial guiding and outfitting operations.

**Brief Description:** Exempting certain commercial guiding and outfitting operations from the leasehold tax.

**Sponsors:** Senate Committee on Ways & Means (originally sponsored by Senators Morton, Hargrove, Sellar, Deccio, Swecker and Oke).

**Brief History:**

**Committee Activity:** Ways & Means: 2/3/99, 2/15/99 [DPS].  
Passed Senate, 3/9/99, 47-0.

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** That Substitute Senate Bill No. 5328 be substituted therefor, and the substitute bill do pass.

Signed by Senators Loveland, Chair; Bauer, Vice Chair; Brown, Vice Chair; Fraser, Honeyford, Long, McDonald, Rasmussen, Roach, Rossi, B. Sheldon, Snyder, Spanel, West, Winsley and Wojahn.

**Staff:** Terry Wilson (786-7433)

**Background:** Property owned by federal, state, or local governments is exempt from the property tax. However, private lessees of government property are subject to the leasehold excise tax. The purpose of the leasehold excise tax is to impose a tax burden on persons using publicly-owned, tax-exempt property similar to the property tax that they would pay if they owned the property. The tax is collected by public entities that lease property to private parties.

The tax rate is 12.84 percent of the amount paid in rent for the public property. Cities and counties may impose a local tax which is credited against the state tax. Counties may impose a tax of up to 6 percent, and cities may impose a tax of up to 4 percent. The city tax is credited against any county tax. The state tax is deposited into the state general fund, and county taxes are distributed to taxing districts within the county in the same manner as property taxes.

**Summary of Bill:** A taxable leasehold interest does not include the nonexclusive use of national forest wilderness lands by commercial packing, guiding, and outfitting operations.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This has been an on-going concern. The statute requires possession and use, not possession or use. These activities are beyond the reach of the tax. These companies pay the federal government 3 percent of their gross for the year up front, and DOR wants 12.84 percent of that.

**Testimony Against:** None.

**Testified:** PRO: Senator Morton, prime sponsor; Aaron Burkhart, Early Winters Outfitting.