

# SENATE BILL REPORT

## SHB 1521

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As Reported By Senate Committee On:  
State & Local Government, February 20, 2002

**Title:** An act relating to authorizing the state treasurer to distribute interest from the local leasehold excise tax account.

**Brief Description:** Authorizing the state treasurer to distribute interest from the local leasehold excise tax account.

**Sponsors:** House Committee on Local Government & Housing (originally sponsored by Representatives Simpson, Mulliken, Dunshee, Mielke and Haigh).

**Brief History:**

**Committee Activity:** State & Local Government: 2/20/02 [DP].

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### SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

**Majority Report:** Do pass.

Signed by Senators Gardner, Chair; Hale, Haugen, Horn, Keiser, Kline, McCaslin, Roach, T. Sheldon and Swecker.

**Staff:** Eugene Green (786-7405)

**Background:** Property owned by federal, state, or local government is exempt from the property tax. However, private lessees of government property are subject to the leasehold excise tax. The purpose of the 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 the Department of Revenue and is distributed to the counties and cities by the State Treasurer on a bimonthly basis; i.e., every two months. Interest earnings accrued are not distributed with the principal, but accumulate in the leasehold excise tax account. The interest earnings currently accumulated in the account total approximately \$1 million.

**Summary of Bill:** The Local Leasehold Excise Tax act is amended and directs the State Treasurer to make one lump sum distribution of all interest earnings accrued before July 31, 2002, to the counties and cities proportionate to the amount of tax collected on behalf of each county and city. In addition, the State Treasurer must distribute all interest earnings accrued after July 31, 2002, bimonthly to the counties and cities proportionate to the amount collected on behalf of each county and city.

**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** An oversight is corrected which neglected to provide disbursement for interest along with principal. The bill is a cleanup measure and eliminates accounting problems. Unless the bill passes, interest will accrue indefinitely.

**Testimony Against:** None.

**Testified:** PRO: Ron Rosenbloom, AWC; Julie Sexton, Department of Revenue.