

SENATE BILL REPORT

SB 5608

As Reported By Senate Committee On:
State & Local Government, February 12, 2001

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: Senators Patterson, Horn, McCaslin and Gardner.

Brief History:

Committee Activity: State & Local Government: 2/7/01, 2/12/01 [DP].

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: Do pass.

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

Staff: Diane Smith (786-7410)

Background: Properties owned by the state, counties, school districts, and other municipal corporations are exempt from property tax obligations by the state Constitution. These facilities can be leased to private parties by competitive bid, resulting in the payment of rent from the private party to the governmental owner of the facility. The private party-lessor would not be exempt from property taxes if that person owned the facility.

A leasehold excise tax is assessed at 12 percent of the taxable rent, reduced by credit for up to the 6 percent county-imposed leasehold excise tax. If a city imposes a leasehold excise tax, which can be up to 4 percent of the taxable rent, the full amount of the city tax is credited against any county tax. The taxes are collected by the Department of Revenue.

The excise tax proceeds from county and city-imposed leasehold excise tax collections are deposited into the local leasehold excise tax account in the state treasury. The state Treasurer must distribute bi-monthly back to the counties and cities the amounts of tax collected on each county and city's behalf.

Summary of Bill: Earnings on the state Treasurer's local leasehold excise tax account accrued before July 31, 2001 must be disbursed back to the counties and cities proportionately to the annual tax collected by those counties and cities.

After July 31, 2001, this distribution of earnings must occur bi-monthly.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: This corrects an oversight which causes interest on the leasehold excise tax account to lie dormant, not earning interest.

Testimony Against: None.

Testified: Ron Rosenbloom, AWC (pro).