

## **Finance Committee**

### **HB 1913**

**Brief Description:** Creating a leasehold excise tax exemption for certain leasehold interests in facilities owned or used by schools, colleges, or universities.

**Sponsors:** Representatives Dolan, Van Werven and Haler; by request of State Board for Community and Technical Colleges.

#### **Brief Summary of Bill**

- Provides a leasehold excise tax exemption for certain leasehold interests in facilities owned or used by schools, colleges, or universities.

**Hearing Date:** 2/17/17

**Staff:** Richelle Geiger (786-7139).

#### **Background:**

Leasehold excise tax is assessed on the use of public property by a private party and is in lieu of property tax. The tax rate is 0.1284 of the rent paid for the property. Approximately 53 percent of the tax is directed to the State General Fund and 47 percent of the tax is returned to the county and city in which the leased property is located.

Leasehold interests in facilities owned or used by a school, college, or university for housing students is exempt from leasehold excise tax.

#### **Summary of Bill:**

Leasehold interests in facilities owned or used by a school, college, or university are exempt from leasehold excise tax if they serve one of the following functions: provide food service for students, faculty, and staff; operate a bookstore on campus; or provide maintenance, operational, or administrative services to the school, college, or university.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

The tax preference is exempted from the Joint Legislative Audit and Review Commission review, and from the automatic 10-year expiration.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.