
SENATE BILL 5198

State of Washington

66th Legislature

2019 Regular Session

By Senators Darneille, O'Ban, and Conway

1 AN ACT Relating to exempting certain leasehold interests in
2 arenas with a seating capacity of more than two thousand from the
3 leasehold excise tax; amending RCW 82.29A.130; creating a new
4 section; and providing an effective date.

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

6 **Sec. 1.** RCW 82.29A.130 and 2017 3rd sp.s. c 37 s 1303 are each
7 amended to read as follows:

8 The following leasehold interests are exempt from taxes imposed
9 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~~) that is assessed and taxed
12 as a 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) All leasehold interests of subsidized housing where the fee
18 ownership of such property is vested in the government of the United
19 States, or the state of Washington or any political subdivision
20 thereof but only if income qualification exists for such housing.

1 (4) All leasehold interests used for fair purposes of a nonprofit
2 fair association that sponsors or conducts a fair or fairs which
3 receive support from revenues collected pursuant to RCW 67.16.100 and
4 allocated by the director of the department of agriculture where the
5 fee ownership of such property is vested in the government of the
6 United States, the state of Washington or any of its political
7 subdivisions. However, this exemption does not apply to the leasehold
8 interest of any sublessee of such nonprofit fair association if such
9 leasehold interest would be taxable if it were the primary lease.

10 (5) All leasehold interests in any property of any public entity
11 used as a residence by an employee of that public entity who is
12 required as a condition of employment to live in the publicly owned
13 property.

14 (6) All leasehold interests held by enrolled Indians of lands
15 owned or held by any Indian or Indian tribe where the fee ownership
16 of such property is vested in or held in trust by the United States
17 and which are not subleased to other than to a lessee which would
18 qualify pursuant to this chapter, RCW 84.36.451 and 84.40.175.

19 (7) All leasehold interests in any real property of any Indian or
20 Indian tribe, band, or community that is held in trust by the United
21 States or is subject to a restriction against alienation imposed by
22 the United States. However, this exemption applies only where it is
23 determined that contract rent paid is greater than or equal to ninety
24 percent of fair market rental, to be determined by the department of
25 revenue using the same criteria used to establish taxable rent in RCW
26 82.29A.020(2)(g).

27 (8) All leasehold interests for which annual taxable rent is less
28 than two hundred fifty dollars per year. For purposes of this
29 subsection leasehold interests held by the same lessee in contiguous
30 properties owned by the same lessor are deemed a single leasehold
31 interest.

32 (9) All leasehold interests which give use or possession of the
33 leased property for a continuous period of less than thirty days:
34 PROVIDED, That for purposes of this subsection, successive leases or
35 lease renewals giving substantially continuous use of possession of
36 the same property to the same lessee are deemed a single leasehold
37 interest: PROVIDED FURTHER, That no leasehold interest is deemed to
38 give use or possession for a period of less than thirty days solely
39 by virtue of the reservation by the public lessor of the right to use

1 the property or to allow third parties to use the property on an
2 occasional, temporary basis.

3 (10) All leasehold interests under month-to-month leases in
4 residential units rented for residential purposes of the lessee
5 pending destruction or removal for the purpose of constructing a
6 public highway or building.

7 (11) All leasehold interests in any publicly owned real or
8 personal property to the extent such leasehold interests arises
9 solely by virtue of a contract for public improvements or work
10 executed under the public works statutes of this state or of the
11 United States between the public owner of the property and a
12 contractor.

13 (12) All leasehold interests that give use or possession of state
14 adult correctional facilities for the purposes of operating
15 correctional industries under RCW 72.09.100.

16 (13) All leasehold interests used to provide organized and
17 supervised recreational activities for persons with disabilities of
18 all ages in a camp facility and for public recreational purposes by a
19 nonprofit organization, association, or corporation that would be
20 exempt from property tax under RCW 84.36.030(1) if it owned the
21 property. If the publicly owned property is used for any taxable
22 purpose, the leasehold excise taxes set forth in RCW 82.29A.030 and
23 82.29A.040 must be imposed and must be apportioned accordingly.

24 (14) All leasehold interests in the public or entertainment areas
25 of a baseball stadium with natural turf and a retractable roof or
26 canopy that is in a county with a population of over one million,
27 that has a seating capacity of over forty thousand, and that is
28 constructed on or after January 1, 1995. "Public or entertainment
29 areas" include ticket sales areas, ramps and stairs, lobbies and
30 concourses, parking areas, concession areas, restaurants, hospitality
31 and stadium club areas, kitchens or other work areas primarily
32 servicing other public or entertainment areas, public rest room
33 areas, press and media areas, control booths, broadcast and
34 production areas, retail sales areas, museum and exhibit areas,
35 scoreboards or other public displays, storage areas, loading,
36 staging, and servicing areas, seating areas and suites, the playing
37 field, and any other areas to which the public has access or which
38 are used for the production of the entertainment event or other
39 public usage, and any other personal property used for these

1 purposes. "Public or entertainment areas" does not include locker
2 rooms or private offices exclusively used by the lessee.

3 (15) All leasehold interests in the public or entertainment areas
4 of a stadium and exhibition center, as defined in RCW 36.102.010,
5 that is constructed on or after January 1, 1998. For the purposes of
6 this subsection, "public or entertainment areas" has the same meaning
7 as in subsection (14) of this section, and includes exhibition areas.

8 (16) All leasehold interests in public facilities districts, as
9 provided in chapter 36.100 or 35.57 RCW.

10 (17) All leasehold interests in property that is: (a) Owned by
11 the United States government or a municipal corporation; (b) listed
12 on any federal or state register of historical sites; and (c) wholly
13 contained within a designated national historic reserve under 16
14 U.S.C. Sec. 461.

15 (18) All leasehold interests in the public or entertainment areas
16 of an amphitheater if a private entity is responsible for one hundred
17 percent of the cost of constructing the amphitheater which is not
18 reimbursed by the public owner, both the public owner and the private
19 lessee sponsor events at the facility on a regular basis, the lessee
20 is responsible under the lease or agreement to operate and maintain
21 the facility, and the amphitheater has a seating capacity of over
22 seventeen thousand reserved and general admission seats and is in a
23 county that had a population of over three hundred fifty thousand,
24 but less than four hundred twenty-five thousand when the amphitheater
25 first opened to the public.

26 For the purposes of this subsection, "public or entertainment
27 areas" include box offices or other ticket sales areas, entrance
28 gates, ramps and stairs, lobbies and concourses, parking areas,
29 concession areas, restaurants, hospitality areas, kitchens or other
30 work areas primarily servicing other public or entertainment areas,
31 public rest room areas, press and media areas, control booths,
32 broadcast and production areas, retail sales areas, museum and
33 exhibit areas, scoreboards or other public displays, storage areas,
34 loading, staging, and servicing areas, seating areas including lawn
35 seating areas and suites, stages, and any other areas to which the
36 public has access or which are used for the production of the
37 entertainment event or other public usage, and any other personal
38 property used for these purposes. "Public or entertainment areas"
39 does not include office areas used predominately by the lessee.

1 (19) All leasehold interests in real property used for the
2 placement of military housing meeting the requirements of RCW
3 84.36.665.

4 (20) All leasehold interests in facilities owned or used by a
5 community college or technical college, which leasehold interest
6 provides:

7 (a) Food services for students, faculty, and staff;

8 (b) The operation of a bookstore on campus; or

9 (c) Maintenance, operational, or administrative services to the
10 community college or technical college.

11 (21)(a) All leasehold interests in the public or entertainment
12 areas of an arena if it:

13 (i) Has a seating capacity of more than two thousand;

14 (ii) Is located on city-owned land; and

15 (iii) Is owned by a city with a population over two hundred
16 thousand within a county with a population of less than one million
17 five hundred thousand.

18 (b) For the purposes of this subsection (21), "public or
19 entertainment areas" has the same meaning as provided in subsection
20 (18) of this section.

21 NEW SECTION. Sec. 2. The provisions of RCW 82.32.805 and
22 82.32.808 do not apply to this act.

23 NEW SECTION. Sec. 3. This act takes effect January 1, 2020.

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