

# HOUSE BILL REPORT

## HB 1073

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### As Reported by House Committee On:

Finance

**Title:** An act relating to collection of property taxes on land subleased for residential and recreational purposes.

**Brief Description:** Modifying the collection of property taxes on land subleased for residential and recreational purposes.

**Sponsors:** Representatives Haigh and Eickmeyer.

### Brief History:

#### Committee Activity:

Finance: 1/28/03, 2/28/03 [DP].

#### Brief Summary of Bill

- Foreclosures against the sublease rather than the improvement on the lot when property taxes are delinquent on lots that are private leases of publicly owned land.

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### HOUSE COMMITTEE ON FINANCE

**Majority Report:** Do pass. Signed by 9 members: Representatives Gombosky, Chair; McIntire, Vice Chair; Cairnes, Ranking Minority Member; Orcutt, Assistant Ranking Minority Member; Ahern, Conway, Morris, Roach and Santos.

**Staff:** Rick Peterson (786-7150).

### Background:

Property owned by federal, state, or local governments is exempt from the property tax. Most 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.

Private leases of publicly owned land consisting of 3,000 or more lots that are or may be

subleased for residential and recreational purposes are exempt from leasehold excise tax and are subject to property taxation. Property values are determined in the same manner as privately owned property.

The sublessee of each lot pays the property tax on the lot and any buildings on the lot. Property taxes unpaid for more than three years are delinquent. The collection of delinquent property taxes proceeds in the same manner as for ordinary delinquent property taxes except that foreclosure proceedings take place only against the improvements on the lot.

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**Summary of Bill:**

Foreclosure proceedings for delinquent property taxes against lots that are private leases of publicly owned land will take place against the sublease rather than the improvement on the lot.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Testimony For:** This is a technical fix for the Lake Cushman bill. It deals with a unique situation. There are a few properties that are not paying tax. There are no improvements on these properties. The bill will allow the county to foreclose on properties that do not have improvements.

**Testimony Against:** None.

**Testified:** Rep. Haigh, prime sponsor; Lisa Frazier, Mason County Treasurer; and Rose Bowman, Washington State Association of County Treasurers.