

SENATE BILL REPORT

HB 1301

As Reported by Senate Committee On:
Ways & Means, March 19, 2019

Title: An act relating to exempting certain leasehold interests in arenas with a seating capacity of more than two thousand from the leasehold excise tax.

Brief Description: Exempting certain leasehold interests in arenas with a seating capacity of more than two thousand from the leasehold excise tax.

Sponsors: Representatives Kirby, Fey, Jinkins, Kilduff, Morgan, Leavitt and Wylie.

Brief History: Passed House: 3/11/19, 98-0.

Committee Activity: Ways & Means: 3/19/19 [DP, w/oRec, DNP].

Brief Summary of Bill

- Provides a leasehold excise tax exemption for public and entertainment areas of certain arenas.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Billig, Conway, Darneille, Hunt, Keiser, Liias, Van De Wege and Warnick.

Minority Report: That it be referred without recommendation.

Signed by Senators Carlyle, Hasegawa, Palumbo and Wagoner.

Minority Report: Do not pass.

Signed by Senators Pedersen and Schoesler.

Staff: Jeffrey Mitchell (786-7438)

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 percent of the rent paid for the

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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.

All new tax preference legislation must include a tax preference performance statement. Tax preferences include deductions, exemptions, preferential tax rates, and tax credits. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax preference. New tax preferences expire ten years after the effective date of the tax preference, unless otherwise provided.

Summary of Bill: This bill exempts all leasehold interests in the public or entertainment areas of any arena from leasehold excise tax if the arena:

- has a seating capacity of more than 2000;
- is located on city owned land; and
- is owned by a city with a population over 200,000 within a county with a population of less than 1,500,000.

The automatic ten-year expiration date for new tax preferences does not apply to the leasehold excise tax exemption.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: The bill takes effect on January 1, 2020.

Staff Summary of Public Testimony: No public hearing was held.

Persons Testifying: N/A

Persons Signed In To Testify But Not Testifying: N/A