

SENATE BILL REPORT

SB 6356

As of February 5, 2008

Title: An act relating to a leasehold excise tax exemption for nonprofit folk, ethnic, and traditional arts festivals.

Brief Description: Providing a leasehold excise tax exemption for nonprofit folk, ethnic, and traditional arts festivals.

Sponsors: Senators Kohl-Welles, Jacobsen, Kline, McDermott, Prentice, Murray, Shin, McAuliffe and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 1/30/08.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: All real and personal property is subject to property tax, unless a specific exemption is provided by law. Property owned by the United States, the state of Washington, counties, cities, and other local governments is exempt from property tax by the State Constitution.

The leasehold excise tax applies when persons or businesses use or lease publicly owned property. Because property tax is not levied on public property, leasehold excise tax is imposed in lieu of the property tax to ensure equity in taxation of all property.

The rate of leasehold excise tax is 12.84 percent. Cities and counties may levy a local leasehold excise tax on leasehold interests in public property within their jurisdictions at a rate up to a maximum of 6 percent, thus reducing the state rate on such property to 6.84 percent. The maximum city rate is 4 percent and it is credited against the county tax. Thus, the maximum county rate is 6 percent in unincorporated areas and 2 percent in cities which levy the maximum city rate. In general, the tax is measured by the contract rent (the amount paid for the use of the public property).

Summary of Bill: The bill as referred to committee was not considered.

SUMMARY OF BILL (Proposed Substitute): Leasehold interests are exempt from the leasehold excise tax for a non profit organization established to create, share, and sustain the vitality of folk, ethnic, and traditional arts when the interest in public property are used for the

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.

organizing, sponsoring, or conducting an annual festival or fair dedicated to folk, ethnic, and traditional arts, including the performing arts.

Appropriation: None.

Fiscal Note: Requested on January 25, 2008.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The Northwest Folk Life Festival benefits people from all over the state. It does not charge admission. After 31 years, we now find ourselves outside the letter of the law based on a board of tax appeals decision. We are in the middle of a transition. This brings hundreds of thousand of people to the Seattle Center. We are before you to correct this situation. This adds enormous revenue to the county, city and state. Over 20 percent come from out of the county and out of state.

Persons Testifying: PRO: Senator Kohl-Welles, prime sponsor; Michael Heuschwesohn, Historic Seattle; Robert Townsend, Northwest Folk Life Festival.