

SENATE BILL REPORT

SB 5677

As of February 9, 2017

Title: An act relating to creating a leasehold excise tax exemption for certain leasehold interests in facilities owned or used by schools, colleges, or universities.

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

Sponsors: Senators Zeiger, Frockt and Saldaña; by request of State Board for Community and Technical Colleges.

Brief History:

Committee Activity: Higher Education: 2/07/17.

Brief Summary of Bill

- Exempts certain leasehold interests for schools, colleges, or universities from the leasehold excise tax.

SENATE COMMITTEE ON HIGHER EDUCATION

Staff: Clint McCarthy (786-7319)

Background: Properties of the state of Washington, counties, school districts, and other municipal corporations are exempted by Article 7, section 1 of the state Constitution from property tax obligations. Lessees of publicly owned property or community centers that are entitled to those same governmental services are subject to a leasehold excise tax to fairly compensate governmental units for services rendered to such lessees of publicly owned property or community centers. Schools, colleges, and universities do not have leasehold interests exemptions from the leasehold excise tax.

Summary of Bill: Leasehold interests in facilities owned or used by a school, college, or university are exempt from leasehold taxes as the leasehold interest provides:

- food services;
- bookstore services; and
- maintenance, operational, or administrative services.

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.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony: PRO: The Department of Revenue has not enforced the leasehold excise tax on lessee interests at the community and technical colleges. This bill would continue the status quo. Paying the leasehold excise tax would increase the price of books by approximately 8 percent. They want the same exemption that is provided for non-profit and private colleges.

Persons Testifying: PRO: Tim Stokes, South Puget Sound Community College; John Boesenberg, State Board for Community and Technical Colleges.

Persons Signed In To Testify But Not Testifying: No one.