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**HOUSE BILL 1331**

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**State of Washington**

**68th Legislature**

**2023 Regular Session**

**By** Representatives Christian, Dent, Low, Graham, and Barkis

Read first time 01/16/23. Referred to Committee on Finance.

1 AN ACT Relating to providing tax incentives for development at  
2 public use airports; adding a new section to chapter 82.08 RCW;  
3 adding a new section to chapter 82.12 RCW; adding a new section to  
4 chapter 82.14 RCW; adding a new section to chapter 82.29A RCW;  
5 creating new sections; providing an effective date; providing  
6 expiration dates; and declaring an emergency.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that Washington  
9 state's 132 public use airports contribute over 400,000 jobs,  
10 \$26,800,000,000 in labor income, and \$107,000,000,000 in total  
11 economic impact to our state's economy and communities. The  
12 legislature also finds that in order to maintain and expand the  
13 economic benefits Washington state derives from aviation and  
14 aerospace, the state must remain competitive nationally and globally  
15 to attract and retain new businesses and encourage investment at  
16 public use airports. The preferences in this act will assist both the  
17 existing mature aerospace industry and also emerging aviation  
18 technology companies leading the next era of aircraft propulsion and  
19 sustainability.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.08  
2 RCW to read as follows:

3        (1) The tax levied by RCW 82.08.020 does not apply to sales of  
4 labor, services, materials, and equipment related to eligible new  
5 construction at public use airports.

6        (2) The definitions in this subsection apply to this section:

7        (a) "Eligible new construction" means construction of commercial  
8 facilities at public use airports intended to be used for aviation  
9 and aerospace businesses, research and development, and educational  
10 training, including construction to expand or add to current  
11 commercial facilities used for aviation or aerospace business,  
12 research and development, and educational training.

13        (b) "Public use airport" means any airport, public or private,  
14 open for public use and eligible to receive state and federal grants.

15        (3) This section expires June 30, 2033.

16        NEW SECTION.    **Sec. 3.**    A new section is added to chapter 82.12  
17 RCW to read as follows:

18        (1) This chapter does not apply with respect to the use of labor,  
19 services, materials, and equipment related to new construction at  
20 public use airports.

21        (2) The definitions in section 2 of this act apply to this  
22 section.

23        (3) This section expires June 30, 2033.

24        NEW SECTION.    **Sec. 4.**    A new section is added to chapter 82.14  
25 RCW to read as follows:

26        (1) The exemptions in sections 2 and 3 of this act are for the  
27 state and local sales and use taxes and include the sales and use  
28 taxes imposed under the authority of this chapter.

29        (2) This section expires June 30, 2033.

30        NEW SECTION.    **Sec. 5.**    A new section is added to chapter 82.29A  
31 RCW to read as follows:

32        (1) Subject to the limitations of this section all leasehold  
33 interests held by private operators of public use airports on new  
34 leases signed are exempt from taxes imposed under RCW 82.29A.030 and  
35 82.29A.040 for the first six years of the lease.

36        (2) There is levied and collected a leasehold excise tax on  
37 leasehold interests held by private operators of public use airports

1 on new leases signed by private operators of public airports as  
2 follows:

3	Year of new lease	Tax rate
4	1.....	0 percent
5	2.....	2.19 percent
6	3.....	4.33 percent
7	4.....	6.47 percent
8	5.....	8.61 percent
9	6.....	10.75 percent

10 (3) No new leases signed after June 30, 2033, qualify for the  
11 rates under this section, except leases that are being carried  
12 forward from prior years.

13 (4) "Public use airport" means any airport, public or private,  
14 open for public use and eligible to receive state and federal grants.

15 (5) This section expires June 30, 2039.

16 NEW SECTION. **Sec. 6.** (1) This section is the tax preference  
17 performance statement for the tax preferences contained in  
18 chapter . . . , Laws of 2023 (this act). This performance statement is  
19 only intended to be used for subsequent evaluation of the tax  
20 preferences. It is not intended to create a private right of action  
21 by any party or to be used to determine eligibility for preferential  
22 tax treatment.

23 (2) The legislature categorizes these tax preferences as one  
24 intended to improve industry competitiveness, as indicated in RCW  
25 82.32.808(2)(b).

26 (3) It is the legislature's specific public policy objective to  
27 provide short-term relief from taxes to incentivize new business  
28 development at public use airports. The objective is also to maintain  
29 Washington state's national competitiveness in the aviation and  
30 aerospace markets, to encourage the construction of hangars and  
31 associated infrastructure to assist in addressing the backlog for  
32 general aviation, and to attract and retain emerging aeronautics  
33 technology companies to the state and bring business to underutilized  
34 airports and rural communities.

35 (4) If the review finds that new business development has  
36 occurred at public use airports, then the legislature intends to  
37 extend the expiration date of this tax preference.

1           (5) In order to obtain the data necessary to perform the  
2 review in subsection (4) of this section, the joint legislative  
3 audit and review committee may refer to any data collected by  
4 the state, including the aviation economic impact study conducted by  
5 the department of transportation.

6           NEW SECTION.   **Sec. 7.** This act is necessary for the immediate  
7 preservation of the public peace, health, or safety, or support of  
8 the state government and its existing public institutions, and takes  
9 effect July 1, 2023.

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