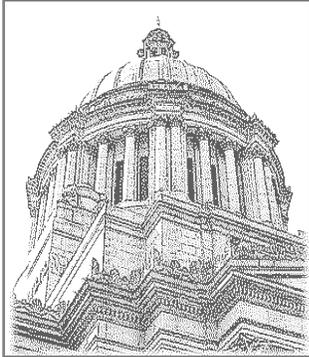


STATE OF WASHINGTON

**CITIZEN COMMISSION FOR
PERFORMANCE MEASUREMENT OF
TAX PREFERENCES**



COMMISSION MEMBERS

William A. Longbrake, *Chair*
Governor's Council of Economic Advisors

Lily Kahng, *Vice Chair*
Seattle University Law School

James Bobst
Pacific Fibre Products, Inc.

Paul Guppy
Washington Policy Center

Stephen B. Miller
Washington Education Association

NON-VOTING MEMBERS

Troy Kelley, State Representative
Chair, Joint Legislative Audit and Review
Committee

Brian Sonntag
State Auditor

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AGENDA

Friday, May 20, 2011
2:00 p.m.
John A. Cherberg Bldg.
Senate Hearing Rm. 3
Olympia, WA

- 2:00 – 2:10 *1. Approval of October 2010 Minutes
- 2:10 – 2:20 2. JLARC Staff Changes / Staff Reports
- Legislative Session Update

2011 Reviews

- 2:20 – 2:30 *3. Adjustments to the 2011 Review Schedule
- 2:30 – 3:15 4. 2011 Expedited Light Report and Additional Information on Selected Tax Preferences
- Expedited Light Report
 - Additional Information Requested from the Department of Revenue

2012 Reviews

- 3:15 – 4:00 5. 2012 List of Reviews

General public comment period immediately following regular Commission business

* *Action Item*

Please Note:
The Commission reserves the right to move agenda items as needed.



Citizen Commission for Performance Measurement of Tax Preferences

William A. Longbrake,
Commission Chair

Lily Kahng, *Vice Chair*
Associate Professor
Seattle University Law School

James Bobst
Human Resource Manager
Pacific Fibre Products

Stephen Miller
Member
Washington Education Association

Paul Guppy
Vice President for Research
Washington Policy Center

Representative Troy Kelley
Chair, Joint Legislative Audit
and Review Committee

Brian Sonntag
State Auditor

Citizen Commission for Performance Measurement of Tax Preferences Meeting Minutes

October 15, 2010
John A. Cherberg Bldg.,
Senate Hearing Rm. 3
Olympia, WA

Members Present:

William A. Longbrake
James Bobst
Stephen Miller

Lily Kahng
Paul Guppy

Members Absent:

Rep. Troy Kelley

Brian Sonntag

Staff:

Ruta Fanning
Mary Welsh
Dana Lynn
Cindy Evans
Lisa Hennessy

Keenan Konopaski
Curt Rogers
Peter Heineccius
Suzanne Kelly

WELCOME / INTRODUCTIONS

Commission Chair Bill Longbrake welcomed those in attendance and called the meeting to order at 2:03 p.m.

APPROVAL OF MEETING MINUTES

MOTION: A motion was made to approve the September 24, 2010, meeting minutes.

The motion was seconded and carried.

STAFF REPORTS

Keenan Konopaski summarized the 2011 Proposed Scope and Objectives documents for the 2011 Tax Preference Reviews.

Keenan Konopaski distributed a memo from the Commission Chair to the Task Force on Tax Preference Reform regarding Task Force proposals involving the Commission. Chair Longbrake asked for comments on the memo. The Commission unanimously endorsed the memo, which will be forwarded to the Task Force Chair, State Treasurer James McIntire.

Citizen Commission for Performance Measurement of Tax Preferences

October 15, 2010

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Chair Longbrake presented a resolution thanking and commending Ruta Fanning for her service to the Citizen Commission, as Ms. Fanning will be retiring this December.

MOTION: A motion was made to adopt the resolution thanking and commending Ruta Fanning.
The motion was seconded and carried.

2011 COMMISSION MEETING SCHEDULE

A draft 2011 Commission meeting schedule was presented.

MOTION: A motion was made to approve the 2011 meeting schedule.
The motion was seconded and carried.

DISCUSSION / APPROVAL OF COMMISSION COMMENTS ON 2009 TAX PREFERENCE REVIEWS

Chair Longbrake reviewed the process to approve Commission comments on the 2010 Tax Preference Reviews. He asked whether the Commission wished to include statements of rationale in Commission comments. The Commission found sufficient consensus to include statements of rationale. The Commission discussed the 2010 Tax Preference Reviews.

MOTION: A motion was made to acknowledge receipt of the 2010 JLARC Tax Preference Reviews of: **vehicles sold to nonresidents; fertilizer, spray materials, and chemical sprays and washes; sales of breeding livestock, cattle, and milk cows; title, insurance premiums; poultry used to produce poultry and poultry products; farm machinery sold to nonresidents; vehicles acquired out-of-state while in the armed services; labor and services for mining/sorting/crushing sand/gravel/rock for public roads; conservation and open space lands; and nonresidents' personal property.** The Commission has provided a forum for discussion and public comment on these recommendations. The Commission endorses the JLARC recommendations for these preferences. The Commission does not have additional comments to append to the 2010 JLARC reports related to these preferences.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of **interstate transportation equipment.** The Commission has provided a forum for discussion and public comment on these reviews. The Commission endorses the JLARC recommendation for this review, subject to the following additional comments:

The Commission endorses the recommendation but further recommends that the Legislature consider whether to increase the qualifying threshold

Citizen Commission for Performance Measurement of Tax Preferences

October 15, 2010

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for motor vehicles by reviewing whether "in substantial part" should be replaced by the language "primarily used."

Rationale: The Legislature considered such a change in 2010. Adoption of "primarily used" language would provide the same 50 percent interstate use threshold for both motor vehicles and other transportation equipment.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of **labor and services used in construction and repair of public roads**. The Commission has provided a forum for discussion and public comment on these reviews. The Commission endorses the JLARC recommendation for this review, subject to the following additional comment:

The Commission endorses the recommendations and notes that the circumstances have changed regarding the exclusion of state-owned roads from this tax preference and that the exclusion may no longer serve its original purpose. The Commission recommends that the Legislature consider revising the relevant statute to extend the tax preference to apply to labor and services for construction and repair of state-owned roads.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of: **fruit and vegetable manufacturers; seafood products manufacturers; dairy products manufacturers; and fresh food processors**. The Commission has provided a forum for discussion and public comment on these reviews. The Commission endorses the JLARC recommendation for this review, but acknowledges that the Department of Agriculture disagrees with the JLARC recommendation and recommends that the tax exemption be continued.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of the **instate portion of interstate transportation**. The Commission has provided a forum for discussion and public comment on these reviews.

The Commission does not endorse the recommendation because it believes it is premature to authorize the Department of Revenue to develop an apportionment methodology. Although the existing preference is no longer constitutionally necessary, affected taxpayers have structured competitive activities in reliance on continuation of the preference. Because termination of the preference may have unintended deleterious consequences for taxpayers and more generally for the state, the Commission recommends that the Legislature direct either the Office of Financial Management, the Department of Revenue, or the Economic and Revenue Forecast

Citizen Commission for Performance Measurement of Tax Preferences

October 15, 2010

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Council to conduct an economic impact study of the effects of termination on the competitiveness of affected taxpayers and the primary and secondary tax revenue impacts of termination. The Commission also recommends that the Legislature consider whether the economic impact study should identify policy options such as defining the tax base, and the revenue impacts of such options, for restructuring the public utility tax for affected taxpayers. The study should also include recommendations for how to structure an apportionment methodology that complies with the guidelines established by the U.S. Supreme Court.

The Legislature should specify that the study should be completed by December 31, 2011, to inform a decision during the 2012 legislative session. After the 2012 session, if the Legislature has taken no action, the Commission intends to determine whether it should schedule this preference for another review.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of **through freight in interstate transportation**. The Commission has provided a forum for discussion and public comment on these reviews.

The Commission does not endorse the recommendation. Although the existing preference is no longer constitutionally necessary, affected taxpayers have structured competitive activities in reliance on continuation of the preference. Because termination of the preference may have unintended deleterious consequences for taxpayers and more generally for the State, the Commission recommends that the Legislature direct either the Office of Financial Management, the Department of Revenue, or the Economic and Revenue Forecast Council to conduct an economic impact study of the effects of termination on the competitiveness of affected taxpayers and the primary and secondary tax revenue impacts of termination. The Commission also recommends that the Legislature consider whether the economic impact study should identify policy options such as defining the tax base, and the revenue impacts of such options, for restructuring the public utility tax for affected taxpayers.

The Legislature should specify that the study should be completed by December 31, 2011, to inform a decision during the 2012 legislative session. After the 2012 session, if the Legislature has taken no action, the Commission intends to determine whether it should schedule this preference for another review.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of **shipments to ports for interstate or foreign transportation**. The Commission has provided a forum for discussion and public comment on these reviews.

The Commission endorses the recommendation but suggests the Legislature conduct its reexamination of the intent of this preference in conjunction with the economic impact study that the Commission recommends for the 'Through Freight in Interstate

Citizen Commission for Performance Measurement of Tax Preferences

October 15, 2010

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Transportation Public Utility Tax Deduction' and 'Instate Portion of Interstate Transportation' tax preferences.

The Legislature should specify that the study should be completed by December 31, 2011, to inform a decision during the 2012 legislative session. After the 2012 session, if the Legislature has taken no action, the Commission intends to determine whether it should schedule this preference for another review.

The motion was seconded and carried unanimously.

MOTION: The Commission acknowledges receipt of the 2010 JLARC Tax Preference Review of **bailed tangible personal property consumed in research & development, experimental, and testing**. The Commission has provided a forum for discussion and public comment on these reviews. The Commission endorses the JLARC recommendation for this review, subject to the following additional comments:

The Commission endorses the recommendation that the Legislature should review and clarify the purpose of the preference and further recommends that the Legislature consider whether the interpretation of the existing statute by the Department of Revenue results in fairness or competitive impacts.

Rationale: The Commission noted that the Department of Revenue issued an advisory in 2005 explaining that labels provided ("bailed") to salmon labeling companies qualify for this preference. The rationale of this advisory ruling appears to be a technical interpretation of the statute and may not be what the Legislature intended when it established a preference for a use tax exemption for tangible property that is bailed to a person and used in research, development, experimental, and testing activities when the bailed property is entirely consumed during the research, development, experimental, and testing activities, and the party that bails the property was not subject to sales tax or use tax when the party initially purchased or acquired the property.

The motion was seconded and carried unanimously.

Additional General Commission Comment to Include in the 2010 Tax Preference Reports

The Task Force on Tax Preference Reform recently encouraged the Commission to make general observations about the clarity and assumptions included in the state's tax preference statutes. The Task Force also recently discussed best practices for establishing legislative intent when legislation is drafted. The Commission therefore unanimously adopted the following general comment about legislative intent for the Legislature's consideration.

Citizen Commission for Performance Measurement of Tax Preferences

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"To improve the ability to evaluate the effectiveness of tax preferences, the Commission encourages the Legislature to employ the following practices when establishing legislative intent in tax preference bills.

Best Practices for Drafting Intent Sections

- Preambles to legislation (intent sections) are not part of the operative law, but they may be used by courts and others to interpret the law. Good intent sections may be useful during both the judicial and legislative processes.
- A good intent section is a reliable form of legislative history: it is contemporaneous, collective, official, and bicameral (and presented). For this reason, a well-drafted intent section may be useful in interpreting and evaluating a statute.
- Notwithstanding their uses, intent sections may also have unintended consequences, such as inadvertent creation of a cause of action.
- As with all other drafting decisions, the sponsor decides whether to include an intent section and what that section should say. And, as will all legislation, the intent section may be revised during the amendment process.
- Most ordinary legislation does not require an intent section. An intent section is not a substitute for precision (or breadth) in the operative text of the bill.
- Good intent sections explain the purpose of the legislation rather than state legal conclusions about the legislation's effect. They are expository rather than persuasive or polemical.
- Good intent sections reflect general good drafting practices. They are consistent with the rest of the bill and updated by amendment as needed. They are drafted in light of relevant statutes, common law, and constitutional law.
- An intent section may be more appropriate where there is prior judicial construction of a statute (e.g., the legislature is rejecting a judicial construction) or where a statute is likely to be subject to judicial construction or review in the future (e.g., a retroactive statute).
- Good factual findings are brief, declarative, and supported by the record. Good factual findings do not purport to be legal conclusions."

With no further public comment or Commission discussion, the meeting was adjourned at 4:06 p.m.

Bill	Impact	Status
Bill Implementing Task Force Recommendations		
SB 5044 Tax Preference Review Process	Provides greater flexibility in scheduling and determining level of review for tax preferences. In addition, preferences enacted for economic development purposes must demonstrate growth in full-time family wage jobs with health and retirement benefits. Adds a <i>factor for consideration</i> : the economic impact of the tax preference compared to the economic impact of government activities funded by the tax for which the preference is taken. The Washington input-output model is to be used when analyzing this factor.	Signed by Governor
Bills Adding Preferences		
HB 1347 Sales & Use Tax	Provides exemption for machinery and equipment used by public research institutions as part of a research and development operation.	Signed by Governor
SB 5501 B&O/Sales & Use Tax	Provides exemptions for meals furnished to employees by restaurants.	Signed by Governor
SB 5526 B&O Tax	Provides a preferential rate for manufacturers of stirling converters (which are used to generate electricity).	Signed by Governor
SB5628 Property Tax	Provides an exemption from King County's emergency medical services levy for the part of the City of Milton that is in King County (part of Milton is in Pierce County).	Signed by Governor
Bills Impacting 2011 Reviews		
SB 5083 B&O Tax	Expands basis for B&O tax for real estate firm commissions. Partial veto eliminates potential retroactive application.	Signed by Governor, Partial Veto
SB 5763 Sales Tax	Clarifies the criteria used to determine the states and provinces whose residents may use the non-resident sales tax exemption in Washington.	Signed by Governor
Other Tax Preference Bill		
SB 5944 Super Majority	Would eliminate the 2/3 legislative vote requirement ("super majority") to reduce, repeal, terminate, expire, or a modify tax preference. Making this change in statute must first be ratified by a vote of the people.	Senate Ways and Means

State of Washington
Joint Legislative Audit & Review Committee (JLARC)

2011 Expedited Light Tax Preferences

May 20, 2011

This report contains information from the Department of Revenue (DOR) on 43 tax preferences with a fiscal impact of less than \$2 million per biennium. JLARC does not evaluate these smaller tax preferences, but the DOR information is provided for reference.

Upon request, this document is available in alternative formats for persons with disabilities.

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Legislative Auditor

Keenan Konopaski

Audit Authority

The Joint Legislative Audit and Review Committee (JLARC) works to make state government operations more efficient and effective. The Committee is comprised of an equal number of House members and Senators, Democrats and Republicans.

JLARC's non-partisan staff auditors, under the direction of the Legislative Auditor, conduct performance audits, program evaluations, sunset reviews, and other analyses assigned by the Legislature and the Committee.

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2011 Expedited Light Tax Preferences

May 20, 2011



STATE OF WASHINGTON

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Copies of Final Reports and Digests are
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REPORT SUMMARY

What Is a Tax Preference?

Tax preferences are exemptions, exclusions, or deductions from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate. Washington has nearly 590 tax preferences.

Why a JLARC Review of Tax Preferences?

Legislature Creates a Process to Review Tax Preferences

In 2006, the Legislature expressly stated that periodic reviews of tax preferences are needed to determine if their continued existence or modification serves the public interest. The Legislature enacted Engrossed House Bill 1069 to provide for an orderly process for the review of tax preferences. The legislation assigns specific roles in the process to two different entities. The Legislature assigns the job of scheduling tax preferences, holding public hearings, and commenting on the reviews to the Citizen Commission for Performance Measurement of Tax Preferences. The Legislature assigns responsibility for conducting the reviews to the staff of the Joint Legislative Audit and Review Committee (JLARC).

Citizen Commission Sets the Schedule

EHB 1069 directs the Citizen Commission for Performance Measurement of Tax Preferences to develop a schedule to accomplish a review of tax preferences at least once every ten years. The legislation directs the Commission to omit certain tax preferences from the schedule such as those required by constitutional law.

The Legislature also directs the Commission to consider two additional factors in developing its schedule. First, the Commission is to schedule tax preferences for review in the order in which the preferences were enacted into law, except that the Commission must schedule tax preferences that have a statutory expiration date before the preference expires. This means that Washington's longest-standing tax preferences are evaluated first.

Second, the Commission has discretion to schedule less detailed reviews for tax preferences with an estimated biennial fiscal impact of \$10 million or less. The Commission has identified three categories of review, based on each tax preference's impact:

1. Full reviews (over \$10 million);
2. Expedited reviews (over \$2 million, up to \$10 million); and
3. Expedited Light reviews (\$2 million or less).

In October 2010, the Commission adopted its fourth ten-year schedule for the tax preference reviews. The schedule for 2011 includes a total of 68 tax preferences under the business and occupation tax, public utility tax, sales tax, use tax, property tax, motor vehicle fuel tax, aircraft fuel tax, motor vehicle excise tax, real estate excise tax, leasehold excise tax, parimutuel tax, and the enhanced food fish tax. Of these 68 tax preferences, the Commission scheduled 43 tax preferences for the Expedited Light review process. This report addresses those 43 tax preferences. JLARC's full review of 15 tax preferences and expedited review of 10 tax preferences as scheduled by the Commission are included in separate reports.

JLARC Staff Do Not Evaluate the Expedited Light Category of Tax Preferences

JLARC's assignment from EHB 1069 is to conduct the reviews of tax preferences according to the schedule developed by the Commission and consistent with the guidelines set forth in statute.

JLARC staff use a performance audit process to evaluate and make recommendations for tax preferences that are larger than \$2 million in biennial impact. For workload reasons, however, the Commission directed JLARC staff to not conduct performance audits for the smaller Expedited Light reviews included in this report. Instead, this report provides the information contained in the Department of Revenue's 2008 Tax Exemption Report. The 2008 Tax Exemption Report summarizes each tax preference's purpose, primary beneficiaries, and taxpayer savings. Some preferences do not include this information because the preference may have been enacted after the Department's 2008 Tax Exemption report. In those cases, the Department of Revenue has provided a summary and estimated revenue impact.

Though this report does not contain JLARC recommendations for the preferences subject to Expedited Light review, the Commission may still elect to provide comments about these preferences for the Legislature at its October 2011 Commission meeting.

Table of Tax Preferences in the 2011 Expedited Light Report

Brief Description	RCW Citation	Year Enacted	Biennial Fiscal Impact (\$000)
1. Seafood processing	82.04.120	1975	\$4
2. Church administrative offices	84.36.032	1975	\$365
3. Nonprofit fair associations	84.36.480	1975	\$39
4. Easements for removing products	82.29A.020(1)	1976	\$532
5. Homes pending destruction	82.29A.130(10)	1976	\$90
6. Indian trust lands	82.29A.130(7)	1976	*
7. Product leases, 33% credit	82.29A.120(2)	1976	\$233
8. Residences of public employees	82.29A.130(5)	1976	\$302
9. Public works contracts	82.29A.130(11)	1976	\$76
10. Leaseholds of public property	84.36.451	1976	(\$41,102)
11. Public historical sites	35.21.755	1977	\$531
12. Radio & TV transmission stations	84.36.047	1977	\$0

Report Summary

Brief Description	RCW Citation	Year Enacted	Biennial Fiscal Impact (\$000)
13. Nonprofit water associations	82.16.050(12)	1977	\$650
14. Funeral home reimbursement	82.04.4296	1979	\$26
15. Commuter ride sharing	82.04.355	1979	\$0
16. Printing by libraries	82.04.600	1979	\$8
17. Printing by local governments	82.04.397	1979	\$26
18. Printing by schools	82.04.395	1979	\$112
19. Nonprofit races	67.16.105(1)	1979	\$20
20. Commute trip reduction; special needs transportation	82.16.047	1979	\$778
21. Nonprofit youth organizations	84.33.075	1980	\$0
22. Credit for fish taxes paid to other jurisdictions	82.27.040	1980	\$852
23. Imported fish or fish products	82.27.030(1),(3)	1980	\$0
24. Cogeneration and renewable resources	82.16.055	1980	\$300
25. Nonresidents' rental vehicles	82.08.0279	1980	\$268
26. Ride-sharing vehicles	82.08.0287; 82.12.0282	1980	\$1,565
27. Ride-sharing vehicles (MVET)	82.44.015	1980	\$0
28. Youth organization fees	82.04.4271	1981	\$847
29. Public assembly halls and meeting places	84.36.037	1981	\$270
30. Crop dusting	82.42.020	1982	\$0
31. International banking facilities	82.04.315	1982	\$0
32. Grants for local government	82.04.418	1983	*
33. Housing finance commission	82.04.408	1983	†
34. Transportation of persons with special needs	82.36.285; 82.38.080(1)(h)	1983	\$456
35. Special fuel used outside of state	82.08.0255(2); 82.12.0256(1)	1983	*
36. Fuel used for transporting persons with special needs	82.08.0255(1)(b); 82.12.0256(2)(b)	1983	*
37. Motion picture program contributions	82.04.4489	2006	‡
38. Honey beekeepers B&O tax exemptions	82.04.629; 82.04.630	2008	\$86
39. Honey beekeepers sales/use tax exemptions	82.08.0204; 82.12.0204	2008	\$94
40. Habitat for endangered species	84.33.140(13)-(14); 84.34.108(6)	2009	\$3
41. Log transportation preferential public utility tax rate	82.16.020	2009	\$971

Report Summary

Brief Description	RCW Citation	Year Enacted	Biennial Fiscal Impact (\$000)
42. Sales of forest derived biomass to produce electricity	82.08.957; 82.12.957	2009	\$350
43. Machinery and equipment used to generate solar energy	82.08.963; 82.12.963	2009	*

* Amount not reported separately from other tax preferences.

† Amount not released due to confidentiality of the impacted taxpayer.

‡ Preference terminated effective July 1, 2011.

SEAFOOD PROCESSING

See page A2-1 in Appendix 2 for the current statute, RCW 82.04.120.

Department of Revenue 2008 Tax Exemption Report (p.79):

Description: The definition of "to manufacture" for B&O tax purposes excludes cutting, grading or ice glazing of seafood that has been cooked, frozen or canned outside of Washington. As a result, seafood processors who perform these activities on their own seafood are not subject to manufacturing B&O tax. (NOTE: all manufacturing and processing activities relating to seafood are temporarily exempt from B&O tax pursuant to RCW 82.04.4269 through fiscal year 2012. Starting on July 1, 2012 manufacturing of seafood will again be subject to tax at a rate of 0.138 percent.)

Purpose: To encourage these activities and the associated jobs to take place within Washington.

Category/Year Enacted: Business incentive. 1975

Primary Beneficiaries: Fewer than 10 firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 2	\$ 2	\$ 2	\$ 2
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

CHURCH ADMINISTRATIVE OFFICES

See page A2-1 in Appendix 2 for the current statute, RCW 84.36.032.

Department of Revenue 2008 Tax Exemption Report (p.14):

Description: Real and personal property of the administrative offices of recognized nonprofit religious organizations is exempt from property tax to the extent the property is used to administer religious programs.

Purpose: To provide equal treatment with the exemption of church property and grounds, because some religious organizations conduct their administrative functions from the church itself while others have separate offices at a different location.

Category/Year Enacted: Nonprofit - charitable or religious. 1975

Primary Beneficiaries: Approximately 37 religious organizations, representing 51 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 167	\$ 175	\$ 181	\$ 184
Local levies	\$ 666	\$ 710	\$ 744	\$ 766

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

NONPROFIT FAIR ASSOCIATIONS

See page A2-1 in Appendix 2 for the current statute, RCW 84.36.480.

Department of Revenue 2008 Tax Exemption Report (p.26):

Description: Real and personal property of a nonprofit fair association that sponsors or conducts a county fair is exempt from property tax. The association must receive parimutuel tax revenues and the property must be used exclusively for fair purposes. Loan or rental of the property to other nonprofit organizations does not nullify the exemption, if the rental income is reasonable and is solely devoted to maintenance of the property.

Purpose: To support agricultural fairs.

Category/Year Enacted: Nonprofit - other. 1975

Primary Beneficiaries: Approximately nine associations, comprising 20 parcels, benefit from this exemption.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 18	\$ 19	\$ 19	\$ 20
Local levies	\$ 71	\$ 77	\$ 80	\$ 82

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

EASEMENTS FOR REMOVING PRODUCTS

See page A2-2 in Appendix 2 for the current statute, RCW 82.29A.020(1).

Department of Revenue 2008 Tax Exemption Report (p.54):

Description: Excluded from the term "leasehold interest" are road or utility easements and rights of access, occupancy or use granted solely for the purpose of removing materials or products purchased from a public owner or lessee or for the purpose of natural energy resource exploration.

Purpose: To minimize costs to private firms and individuals who use public lands for these purposes.

Category/Year Enacted: Other. 1976

Primary Beneficiaries: Utility companies and other businesses and individual who must have long-term access across public lands or who use public roads on a temporary basis to remove timber, minerals, etc. that are purchased from public entities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 234	\$ 246	\$ 259	\$ 273
Local taxes	\$ 205	\$ 216	\$ 227	\$ 239

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

HOMES PENDING DESTRUCTION

See page A2-4 in Appendix 2 for the current statute, RCW 82.29A.130(10).

Department of Revenue 2008 Tax Exemption Report (p.58):

Description: Month-to-month leases in residential units rented for residential purposes pending destruction or removal to construct a public highway or building are exempt from leasehold tax.

Purpose: When a private residence is either condemned or purchased outright to make way for a public project, this exemption provides tax relief during the transition period.

Category/Year Enacted: Other. 1976

Primary Beneficiaries: Residents of homes awaiting destruction or removal.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 39	\$ 41	\$ 44	\$ 46
Local taxes	\$ 34	\$ 36	\$ 38	\$ 40

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

INDIAN TRUST LANDS

See page A2-7 in Appendix 2 for the current statute, RCW 82.29A.130(7). Note that the following information includes amounts for the exemption in RCW 82.29A.130(6) as well.

Department of Revenue 2008 Tax Exemption Report (p.57):

Description: Leasehold interest in Indian lands by any Indian or Indian tribe, if the fee ownership of the property is held in trust by the United States, is exempt from leasehold tax. Leases by non-Indians are exempt when the contract rent paid is greater than or equal to 90 percent of fair market value.

Purpose: Federal law prohibits the taxation of trust lands of enrolled Indians.

Category/Year Enacted: Government. 1976

Primary Beneficiaries: Indians and non-Indians with qualifying leases of Indian property.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 354	\$ 373	\$ 393	\$ 414
Local taxes	\$ 311	\$ 327	\$ 345	\$ 363

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

PRODUCT LEASES, 33% CREDIT

See page A2-9 in Appendix 2 for the current statute, RCW 82.29A.120(2).

Department of Revenue 2008 Tax Exemption Report (p.56):

Description: A credit is allowed equal to 33 percent of the tax otherwise due on product leases, i.e., leases where the lessee pays the lessor a percentage of the value of the crop produced on the land.

Purpose: To support agriculture.

Category/Year Enacted: Agriculture. 1976; definition of products broadened in 1999.

Primary Beneficiaries: Farmers who produce crops or graze livestock on publicly owned land.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 113	\$ 114	\$ 116	\$ 117
Local taxes	\$ 99	\$ 100	\$ 102	\$ 103

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

RESIDENCES OF PUBLIC EMPLOYEES

See page A2-10 in Appendix 2 for the current statute, RCW 82.29A.130(5).

Department of Revenue 2008 Tax Exemption Report (p.57):

Description: When public employees are required by the terms of their employment to live in a publicly owned residence (e.g., at state parks), the property comprising the residence is not subject to leasehold excise tax.

Purpose: This exemption was enacted as part of legislative policy to not tax government. Also, the tax would in essence reduce employee compensation or increase government costs.

Category/Year Enacted: Government. 1976

Primary Beneficiaries: Public employees who must live in government housing.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 133	\$ 140	\$ 147	\$ 155
Local taxes	\$ 117	\$ 123	\$ 129	\$ 136

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

PUBLIC WORKS CONTRACTS

See page A2-12 in Appendix 2 for the current statute, RCW 82.29A.130(11).

Department of Revenue 2008 Tax Exemption Report (p.59):

Description: Leasehold interest of public works contractors who use public property while completing public works projects for the State or the federal government is not subject to leasehold excise tax.

Purpose: To minimize the cost to government of public works construction projects.

Category/Year Enacted: Government. 1976

Primary Beneficiaries: Public works contractors and the government entities with whom they contract.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 33	\$ 35	\$ 37	\$ 39
Local taxes	\$ 29	\$ 31	\$ 32	\$ 34

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

LEASEHOLDS OF PUBLIC PROPERTY

See page A2-15 in Appendix 2 for the current statute, RCW 84.36.451.

Department of Revenue 2008 Tax Exemption Report (p.10):

Description: Private rights to use or occupy publicly owned property are exempt from property taxation. Individuals and businesses that lease public property are instead subject to the leasehold excise tax pursuant to Chapter 82.29A RCW, based on the rental value of the lease. A section of the leasehold tax law, RCW 82.29A.120(1), limits the amount of that tax to what the property tax would otherwise be.

Purpose: The exemption assures that lessees of public property will pay only the leasehold excise tax and not personal property tax on the value of the lease.

Category/Year Enacted: Tax Base. 1976

Primary Beneficiaries: Private lessees of publicly owned property, e.g. port districts and state tidelands.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ (18,261)	\$ (19,192)	\$ (20,034)	\$ (21,068)
Local levies	\$ 2,433	\$ 2,933	\$ 3,723	\$ 3,985

*Estimates are net of state and local leasehold excise tax. Because the state leasehold excise tax rate is proportionately greater than the local rate, compared with the property tax rates, a shift of tax burden from the state to local jurisdictions would take place if the exemption were eliminated.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

PUBLIC HISTORICAL SITES

See page A2-15 in Appendix 2 for the current statute, RCW 35.21.755.

Department of Revenue 2008 Tax Exemption Report (p.53):

Description: Exemption from leasehold excise tax is provided for property listed on a federal or state historic register that is controlled by a public corporation, commission or authority that was in existence before 1987. Also exempt is property that is located in a special review district which was established prior to 1976.

Purpose: To support the social benefits provided by publicly owned historical sites.

Category/Year Enacted: Government. 1977

Primary Beneficiaries: There are approximately ten properties exempt under this statute.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 233	\$ 246	\$ 259	\$ 272
Local taxes	\$ 205	\$ 215	\$ 227	\$ 239

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

RADIO & TV TRANSMISSION STATIONS

See page A2-17 in Appendix 2 for the current statute, RCW 84.36.047.

Department of Revenue 2008 Tax Exemption Report (p.21):

Description: Property tax exemption is provided for the real and personal property of nonprofit organizations used exclusively to rebroadcast, amplify or otherwise facilitate the transmission or reception of radio or television signals originally broadcast by foreign or domestic government agencies for reception by the general public.

Purpose: To support the activities of nonprofit broadcasters and the transmission of their programs.

Category/Year Enacted: Nonprofit - other. 1977

Primary Beneficiaries: Previously, there was one transmission facility which utilized this exemption; however, this facility no longer exists. Thus, there are no current beneficiaries.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None.

NONPROFIT WATER ASSOCIATIONS

See page A2-17 in Appendix 2 for the current statute, RCW 82.16.050(12).

Department of Revenue 2008 Tax Exemption Report (p.165):

Description: A deduction from gross operating income subject to public utility tax is allowed for income derived from the distribution of water by a nonprofit water association, if the income is used for capital improvements of the association.

Purpose: To promote capital improvements and expansion of water distribution systems.

Category/Year Enacted: Nonprofit - other. 1977

Primary Beneficiaries: Nonprofit water associations and their members.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 325	\$ 325	\$ 325	\$ 325
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FUNERAL HOME REIMBURSEMENT

See page A2-19 in Appendix 2 for the current statute, RCW 82.04.4296.

Department of Revenue 2008 Tax Exemption Report (p.122):

Description: B&O tax deduction is allowed for amounts received by a funeral home as reimbursement for expenditures made by the home as an accommodation to persons paying for a funeral. The expenditures must be for goods and services provided by a person not affiliated or associated with the funeral home. The amounts are deductible only if billed to the person paying for the funeral at the same cost and if they are separately itemized on the billing statement.

Purpose: To reduce the cost of funerals and simplify the billing of various components of funerals (e.g., charges for flowers).

Category/Year Enacted: Other business. 1979

Primary Beneficiaries: Funeral homes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 12	\$ 13	\$ 13	\$ 13
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMUTER RIDE SHARING

See page A2-19 in Appendix 2 for the current statute, RCW 82.04.355.

Department of Revenue 2008 Tax Exemption Report (p.105):

Description: B&O tax exemption is provided for non-fee income received by nonprofit social service organizations, van pools and car pools that provide transportation services for commuters and persons with special transportation needs.

Purpose: To reduce motor vehicle fuel consumption and traffic congestion by promoting commuter ridesharing. Also to support nonprofit organizations that provide group transportation services to persons with special needs.

Category/Year Enacted: Other. 1979

Primary Beneficiaries: Nonprofit social service organizations that provide transportation services.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal; it is assumed that most income received for providing transportation services would be subject to public utility tax under the urban transportation classification, not B&O tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

PRINTING BY LIBRARIES

See page A2-19 in Appendix 2 for the current statute, RCW 82.04.600.

Department of Revenue 2008 Tax Exemption Report (p.77):

Description: Printing done by libraries is exempt from B&O tax, if the material is printed in library facilities and is used exclusively for library purposes. This statute also includes cities, counties and school districts, but these are covered by other statutes, RCWs 82.04.395 and .397.

Purpose: Reflects the legislative policy of not taxing nonproprietary activities of public entities.

Category/Year Enacted: Government. 1979

Primary Beneficiaries: Libraries and library districts.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 4	\$ 4	\$ 4	\$ 4
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

PRINTING BY LOCAL GOVERNMENT

See page A2-19 in Appendix 2 for the current statute, RCW 82.04.397.

Department of Revenue 2008 Tax Exemption Report (p.74):

Description: The value of materials printed in-house by cities and counties exclusively for their own use is exempt from B&O tax.

Purpose: To reduce the cost for local government.

Category/Year Enacted: Government. 1979

Primary Beneficiaries: Counties, cities and towns.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 12	\$ 12	\$ 13	\$ 13
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

PRINTING BY SCHOOLS

See page A2-20 in Appendix 2 for the current statute, RCW 82.04.395.

Department of Revenue 2008 Tax Exemption Report (p.73):

Description: School districts and educational service districts are exempt from B&O tax on the value of materials printed in-house, if the materials are exclusively for district use.

Purpose: To support education. There are similar exemptions for printing by local governments and libraries.

Category/Year Enacted: Government. 1979

Primary Beneficiaries: School districts and Educational Service Districts.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 52	\$ 54	\$ 55	\$ 57
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

NONPROFIT RACES

See page A2-20 in Appendix 2 for the current statute, RCW 67.16.105(1).

Department of Revenue 2008 Tax Exemption Report (p.174):

Description: Parimutuel tax does not apply to horse race events which are nonprofit in nature and do not last longer than 10 days annually.

Purpose: To support nonprofit horse race events.

Category/Year Enacted: Other business. 1979; rate schedule revised in 1985, 1991 and 1998.

Primary Beneficiaries: Operators of nonprofit horse race events.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 9	\$ 9	\$ 10	\$ 10
Local taxes - no local tax levied				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMUTE TRIP REDUCTION; SPECIAL NEEDS TRANSPORTATION

See page A2-21 in Appendix 2 for the current statute, RCW 82.16.047.

Department of Revenue 2008 Tax Exemption Report (p.157):

Description: An exemption is allowed from public utility tax for funds received in conjunction with commuter ride-sharing (e.g., vanpools) and receipts by nonprofit social service organizations that provide transportation services for persons with special transportation needs.

Purpose: To promote ride sharing and conservation of fuel and to help relieve traffic congestion. Also to support programs that help to provide mobility for persons with special transportation needs.

Category/Year Enacted: Other. 1979

Primary Beneficiaries: Approximately 67 private, nonprofit transportation providers and public transportation systems that provide transportation services.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 346	\$ 363	\$ 380	\$ 398
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NONPROFIT YOUTH ORGANIZATIONS

See page A2-21 in Appendix 2 for the current statute, RCW 84.33.075.

Department of Revenue 2008 Tax Exemption Report (p.70):

Description: Timber harvested on lands owned by a nonprofit, social service organization is exempt from timber tax, if the land is exempt from property tax and the income from the timber sales is used to promote, operate, and maintain youth programs. The exemption is only available if the youth programs are available to all youth, regardless of race, color, national origin, ancestry or religion.

Purpose: To reduce the cost of operating youth programs by nonprofit organizations.

Category/Year Enacted: Nonprofit - charitable or religious. 1980

Primary Beneficiaries: A few organizations have utilized the exemption; only one does so consistently. Typically, this involves the removal of damaged or dangerous trees from camp facilities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

CREDIT FOR FISH TAXES PAID TO OTHER JURISDICTIONS

See page A2-22 in Appendix 2 for the current statute, RCW 82.27.040.

Department of Revenue 2008 Tax Exemption Report (p.187):

Description: A credit is allowed against the enhanced food fish tax for any tax previously paid on the same fish to any other taxing jurisdiction.

Purpose: To avoid double taxation of the same product under the same type of tax.

Category/Year Enacted: Tax base. 1980

Primary Beneficiaries: The number of taxpayers who claim this credit varies widely among reporting periods due to seasonal fluctuations in this industry. Approximately 40 fishers claim this credit.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 426	\$ 426	\$ 426	\$ 426
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

IMPORTED FISH OR FISH PRODUCTS

See page A2-22 in Appendix 2 for the current statute, RCW 82.27.030(1),(3).

Department of Revenue 2008 Tax Exemption Report (p.186):

Description: Enhanced food fish and shellfish, including parts or byproducts thereof, which are shipped into the state and frozen fish or fish products that are packaged for retail sale are exempt from the tax.

Purpose: The tax is not intended to apply to fish that are originally landed in another state or are packaged and processed for retail sale outside the state.

Category/Year Enacted: Tax base. 1980

Primary Beneficiaries: Importers of frozen or packaged fish.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The fish tax is not intended to apply to fish originally landed in another state and then imported into Washington or fish products that are processed and packaged in another state and imported for sale here.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

COGENERATION AND RENEWABLE RESOURCES

See page A2-22 in Appendix 2 for the current statute, RCW 82.16.055.

Department of Revenue 2008 Tax Exemption Report (p.167):

Description: A deduction from gross operating income subject to public utility tax is allowed for the cost of producing energy through: (1) cogeneration facilities as defined in RCW 82.35.020, or (2) renewable energy resources such as solar energy, wind, hydroelectric, wood, and agricultural products. The deduction is also allowed for expenditures to reduce or improve the efficiency of energy use by consumers. The deduction applies only to new facilities or measure to improve energy use on which construction or installation began after June 12, 1980 and before January 1, 1990. The deduction for cogeneration facilities is allowed for a period of up to 30 years.

Purpose: To encourage investment in cogeneration facilities and the use of renewable energy resources.

Category/Year Enacted: Business incentive. 1980

Primary Beneficiaries: Approximately four light and power firms are using this deduction.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 150	\$ 150	\$ 150	\$ 150
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

NONRESIDENTS' RENTAL VEHICLES

See page A2-23 in Appendix 2 for the current statute, RCW 82.08.0279.

Department of Revenue 2008 Tax Exemption Report (p.222):

Description: Retail sales tax does not apply to the rental or lease of motor vehicles and trailers by nonresidents (including persons with places of business both inside and outside of Washington) for exclusive use in interstate commerce. To qualify, the vehicle must be registered and most frequently dispatched, garaged and serviced at a location outside of Washington. The exemption includes the use of a vehicle or trailer that is registered in a different state to transport persons or property between Washington locations, if the use is incidental to the use of the vehicle or trailer in interstate commerce.

Purpose: To relieve lessors of responsibility for collecting sales tax on the in-state use of rental cars, motor vehicles and trailers by a nonresident motor carrier engaged in interstate commerce and to encourage such businesses to rent or lease in Washington.

Category/Year Enacted: Commerce. 1980

Primary Beneficiaries: Vehicle rental firms with locations in Washington and in other states.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 118	\$ 125	\$ 131	\$ 137
Local taxes	\$ 36	\$ 38	\$ 40	\$ 42

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

RIDE-SHARING VEHICLES

See page A2-23 in Appendix 2 for the current statutes, RCW 82.08.0287 and 82.12.0282.

Department of Revenue 2008 Tax Exemption Report (p.232):

Description: Passenger motor vehicles designed to carry a minimum of five persons are not subject to retail sales/use tax if the vehicle is used for commuter ride-sharing or transportation of persons with special transportation needs for at least 36 consecutive months beginning with the date of purchase or first use.

Purpose: To encourage ride-sharing for fuel conservation purposes, to help reduce traffic congestion, and to assist in addressing the requirements of the Commute Trip Reduction Act, the Growth Management Act, the Americans with Disabilities Act and the Clean Air Act.

Category/Year Enacted: Other. 1980, vehicle size reduced to five passengers in 1993.

Primary Beneficiaries: Owners of vehicles used in van pools or to transport disabled persons.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 651	\$ 701	\$ 754	\$ 811
Local taxes	\$ 195	\$ 210	\$ 225	\$ 243

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

RIDE-SHARING VEHICLES (MVET)

See page A2-25 in Appendix 2 for the current statute, RCW 82.44.015.

Department of Revenue 2008 Tax Exemption Report (p.66):

Description: Exemption from motor vehicle excise tax is provided for passenger vehicles used primarily for commuter ride sharing and transportation of persons with special needs.

Purpose: To encourage commute trip reduction and to alleviate congestion on the state's highways.

Category/Year Enacted: Other. 1980

Primary Beneficiaries: Firms that operate van pools for their employees

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	CY 2008	CY 2009	CY 2010	CY 2011
State tax - repealed in 2000				
Local taxes*	\$ 63	\$ 67	\$ 72	\$ 76

*Impact is based on the only currently existing local MVET, the 0.3% RTA tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

YOUTH ORGANIZATION FEES

See page A2-26 in Appendix 2 for the current statute, RCW 82.04.4271.

Department of Revenue 2008 Tax Exemption Report (p.112):

Description: A B&O tax deduction is allowed for nonprofit youth organizations for membership fees, dues and fees paid for the use of camping and recreational facilities.

Purpose: To support the programs and social benefits provided by these organizations. Dues are ordinarily deductible under RCW 82.04.4282, but not when the payment is in exchange for specific goods or services. Therefore, this deduction is necessary to cover the typical charges of YMCAs, church camps, and similar organizations.

Category/Year Enacted: Nonprofit - charitable or religious. 1981

Primary Beneficiaries: Approximately 200 nonprofit youth organizations.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 393	\$ 405	\$ 417	\$ 430
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

PUBLIC ASSEMBLY HALLS AND MEETING PLACES

See page A2-26 in Appendix 2 for the current statute, RCW 84.36.037.

Department of Revenue 2008 Tax Exemption Report (p.15):

Description: Public assembly halls and meeting places which are owned by a nonprofit entity and made available to all organizations are exempt from property tax. The property must be used exclusively for public gatherings. For improved facilities the exempt area is limited to one acre, but for unimproved property that has been used for annual community celebration events for at least ten years up to 29 acres may be exempt.

Purpose: To support the social benefits these meeting places provide.

Category/Year Enacted: Nonprofit - other. 1981; in 1997 use of the property for commercial purposes for up to seven days was allowed.

Primary Beneficiaries: Approximately 249 public assembly halls/meeting places, comprising 301 parcels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 123	\$ 130	\$ 134	\$ 136
Local levies	\$ 492	\$ 525	\$ 551	\$ 567

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

CROP DUSTING

See page A2-27 in Appendix 2 for the current statute, RCW 82.42.020.

Department of Revenue 2008 Tax Exemption Report (p.282):

Description: The statute that imposes the aircraft fuel tax contains a proviso that exempts aircraft fuel used in the spraying of crops, if the airplane normally flies from a private airport.

Purpose: To lower the tax burden on agriculture.

Category/Year Enacted: Agriculture. 1982

Primary Beneficiaries: Farmers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Unknown; fuel used for crop dusting is not tracked separately by the Department of Licensing.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

INTERNATIONAL BANKING FACILITIES

See page A2-28 in Appendix 2 for the current statute, RCW 82.04.315

Department of Revenue 2008 Tax Exemption Report (p.83):

Description: B&O tax exemption is provided for the income of international banking facilities (IBF) located in Washington. An IBF means a branch or agency of a foreign bank, a set of segregated accounts for international banking maintained by a commercial bank with its principal office located in this state, or an Edge corporation or qualifying agreement corporation under section 25 of the Federal Reserve Act.

Purpose: To encourage international trade transactions through Washington financial institutions.

Category/Year Enacted: Business incentive. 1982

Primary Beneficiaries: Banks headquartered in this state which provide international banking services.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 545	\$ 572	\$ 601	\$ 631
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

GRANTS FOR LOCAL GOVERNMENT

See page A2-28 in Appendix 2 for the current statute, RCW 82.04.418.

Department of Revenue 2008 Tax Exemption Report (p.75):

Description: A deduction from B&O tax is provided for governmental grants received by municipal corporations and political subdivisions of the state.

Purpose: To avoid taxing the non-enterprise activities of local governments and to support the social welfare services that the grants assist.

Category/Year Enacted: Government. 1983

Primary Beneficiaries: Local jurisdictions that carry out social welfare programs.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Amounts included under B&O tax deduction, RCW 82.04.4297.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

HOUSING FINANCE COMMISSION

See page A2-28 in Appendix 2 for the current statute, RCW 82.04.408.

Department of Revenue 2008 Tax Exemption Report (p.74):

Description: Income that may accrue to the Housing Finance Commission is exempt from B&O tax. This income includes fees generated from bond issues and interest received from reserves used for the operation of the Commission.

Purpose: To support the activities of the Commission as a financial conduit for programs that provide affordable housing.

Category/Year Enacted: Government. 1983

Primary Beneficiaries: The Housing Finance Commission.

Possible Program Inconsistency: None evident; however, other state agencies are not subject to B&O tax and do not require a special exemption.

Taxpayer Savings (\$000): Although the only affected entity is a governmental agency, the impact of this exemption cannot be publicly stated since there is only one entity affected by the statute.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
Unlikely.

TRANSPORTATION OF PERSONS WITH SPECIAL NEEDS

See page A2-29 in Appendix 2 for the current statutes, RCW 82.36.285 and 82.38.080(1)(h).

Department of Revenue 2008 Tax Exemption Report (p.280):

Description: Refunds of motor vehicle fuel tax and exemption from special fuel taxes are provided for private, nonprofit organizations which provide transportation services for persons with special transportation needs.

Purpose: To support transportation programs for the elderly and handicapped.

Category/Year Enacted: Nonprofit - health or social welfare. 1983.

Primary Beneficiaries: Nonprofit transportation providers and the persons they serve.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 204	\$ 220	\$ 226	\$ 230
Local taxes - no local tax levied				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SPECIAL FUEL USED OUTSIDE THE STATE

See page A2-31 in Appendix 2 for the current statutes, RCW 82.08.0255(2) and 82.12.0256(1).

Department of Revenue 2008 Tax Exemption Report (p.217):

Description: Exemption from retail sales/use tax is allowed for special fuel (diesel, propane, etc.) purchased in Washington but used outside of the state by persons engaged in interstate commerce.

Purpose: To maintain equity with other states in the application of sales tax to fuel purchases.

Category/Year Enacted: Commerce. 1983

Primary Beneficiaries: Interstate truckers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The impact is included in the estimates for RCW 82.08.0255(1, d) which covers all motor vehicle and special fuel used on public highways.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; interstate carriers would likely shift their fuel purchases to other states.

FUEL FOR TRANSPORTING PERSONS WITH SPECIAL NEEDS

See page A2-32 in Appendix 2 for the current statutes, RCW 82.08.0255(1)(b) and 82.12.0256(2)(b).

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report.

MOTION PICTURE PROGRAM CONTRIBUTIONS

See page A2-33 in Appendix 2 for the current statute, RCW 82.04.4489

Department of Revenue 2008 Tax Exemption Report (p.151):

Description: B&O tax credits are allowed for firms that make contributions to the Washington motion picture competitiveness program. The maximum credit that may be earned annually is 100 percent of the contributions for calendar year 2008 and 90 percent for subsequent years with a cap of \$1.0 million for each contributor. The maximum credit for all firms is \$3.5 million.

Purpose: To support the motion picture industry and to encourage production of motion pictures, television programs and commercials in this state.

Category/Year Enacted: Business incentive. 2006.

Primary Beneficiaries: The motion picture industry.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

HONEY BEEKEEPERS B&O TAX EXEMPTIONS

See page A2-34 in Appendix 2 for the current statutes, RCW 82.04.629 and RCW 82.04.630.

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report. The following information is provided on the Department's website and in the 2008 fiscal note.

These statutes provide business and occupation (B&O) tax exemptions for the wholesale sale of bee products and pollination services provided by eligible apiarists who are registered with the Department of Agriculture. The exemptions took effect July 1, 2008 and expire July 1, 2013.

The estimated reduction in the state general fund was \$39,000 in the FY 2007-09 Biennium, \$86,000 in the FY 09-11 Biennium, and \$86,000 in the FY 11-13 Biennium.

HONEY BEEKEEPERS SALES/USE TAX EXEMPTIONS

See page A2-35 in Appendix 2 for the current statutes, RCW 82.08.0204 and RCW 82.12.0204.

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report. The following information is provided on the Department's website and in the 2008 fiscal note.

These statutes provide retail sales and use tax exemptions for purchases of honey bees by eligible apiarists who are registered with the Department of Agriculture. The exemptions took effect July 1, 2008 and expire July 1, 2013.

The estimated reduction in state and local sales tax revenue was \$43,000 in the FY 2007-09 Biennium, \$94,000 in the FY 09-11 Biennium, and \$94,000 in the FY 11-13 Biennium.

HABITAT FOR ENDANGERED SPECIES

See page A2-35 in Appendix 2 for the current statutes, RCW 84.33.140(13)-(14) and RCW 84.34.108(6).

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report. The following information is provided on the Department's website and in the 2009 fiscal note.

Under this exemption, private forest lands are exempt from compensating property taxes due when the land is removed from the designated forest land classification due to the creation, sale, or transfer of a conservation easement of private forest lands within an unconfined channel migration zone or containing critical habitat for threatened or endangered species.

The estimated reduction in the state general fund was \$3,000 in the FY 009-11 Biennium, \$4,000 in the FY 11-13 Biennium, and \$6,000 in the FY 13-15 Biennium.

LOG TRANSPORTATION PREFERENTIAL PUBLIC UTILITY TAX RATE

See page A2-43 in Appendix 2 for the current statute, RCW 82.16.020.

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report. The following information is provided on the Department's website and in the 2009 fiscal note.

For the period July 1, 2009 through June 20, 2013, the public utility tax rate for log transportation is changed from 0.0180 to 0.0128. "Log transportation business" means the business of transporting logs by truck, other than exclusively upon private roads.

The estimated reduction in the state general fund is \$971,000 in the FY 2010-11 Biennium.

SALES OF FOREST DERIVED BIOMASS TO PRODUCE ELECTRICITY

See page A2-43 in Appendix 2 for the current statutes, RCW 82.08.957 and RCW 82.12.957.

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report. The following information is provided on the Department's website and in the 2009 fiscal note.

A sales and use tax exemption is provided for the sale of forest derived biomass used to produce electricity, steam, heat, or biofuel. The exemption expires on June 30, 2013.

The estimated reduction in the state and local sales tax revenue is \$350,000 in the FY 2010-11 Biennium.

MACHINERY AND EQUIPMENT USED TO GENERATE SOLAR ENERGY

See page A2-44 in Appendix 2 for the current statutes, RCW 82.08.963 and RCW 82.12.963.

This exemption is not included in the Department of Revenue's 2008 Tax Exemption Report. The following information is provided in the 2009 fiscal note.

Beginning July 1, 2009, a 100 percent sales and use tax exemption is provided for machinery and equipment used to produce solar energy generating not more than 10 kilowatts of electricity. The exemption expires on June 30, 2013.

The estimated fiscal impact was included as part of several other renewable energy tax preference. An individual fiscal impact for this preference was not provided in the fiscal note.

APPENDIX 1 – SCOPE AND OBJECTIVES

2011 EXPEDITED LIGHT TAX PREFERENCE PERFORMANCE REPORT

SCOPE AND OBJECTIVES

OCTOBER 2010



STATE OF WASHINGTON
JOINT LEGISLATIVE AUDIT
AND REVIEW COMMITTEE

STUDY TEAM

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Why a JLARC Study of Tax Preferences?

Engrossed House Bill 1069 (2006) established the Citizen Commission for Performance Measurement of Tax Preferences and directed it to develop a schedule for periodic review of the state's tax preferences. The bill also directed the Joint Legislative Audit and Review Committee (JLARC) to conduct the periodic reviews.

Background

Tax preferences are exemptions, exclusions, or deductions from the base of a state tax; a credit against a state tax; a deferral of a state tax; or a preferential state tax rate. The state has more than 590 tax preferences.

Recognizing the need to assess the effectiveness of these tax preferences in meeting their intended objectives through an orderly process, the Legislature established the Citizen Commission for Performance Measurement of Tax Preferences. The Commission's role is to develop a schedule for the performance review of all tax preferences at least once every ten years. The ten-year schedule is to be revised annually.

Omitted from review are several categories of tax preferences identified by statute (e.g., tax preferences required by constitutional law). Any tax preference that the Commission determines is a critical part of the structure of the tax system may also be omitted.

The Commission has identified three categories of review, based on each tax preference's estimated biennial fiscal impact:

1. Full reviews (over \$10 million)
2. Expedited reviews (generally between \$2 million and \$10 million)
3. Expedited light reviews (generally less than \$2 million)

This document identifies the scope and objectives for the third category: expedited light tax preference reviews. JLARC is to review tax preferences according to the schedule developed by the Commission, and consistent with guidelines set forth in statute.

Expedited Light Preferences

This report will contain information provided in the Department of Revenue's "Tax Exemptions 2008" report regarding each tax preference's purpose, primary beneficiaries, and taxpayer savings. No JLARC review will be conducted and no staff recommendations will be made for these tax preferences.

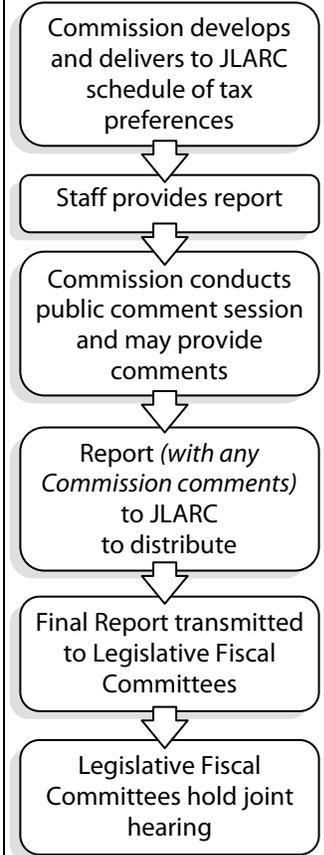
For 2011, the following tax preferences are subject to the expedited light process:

Brief Description	RCW Citation	Year Enacted
1. Seafood processing	82.04.120	1975
2. Church administrative offices	84.36.032	1975
3. Nonprofit fair associations	84.36.480	1975
4. Easements for removing products	82.29A.020(1)	1976
5. Homes pending destruction	82.29A.130(10)	1976
6. Indian trust lands	82.29A.130(6)-(7)	1976
7. Product leases, 33% credit	82.29A.120(2)	1976
8. Residences of public employees	82.29A.130(5)	1976

Expedited Light Preferences (cont'd.)

Brief Description	RCW Citation	Year Enacted
9. Public works contracts	82.29A.130(11)	1976
10. Leaseholds of public property	84.36.451	1976
11. Public historical sites	35.21.755	1977
12. Radio & TV transmission stations	84.36.047	1977
13. Nonprofit water associations	82.16.050(12)	1977
14. Funeral home reimbursement	82.04.4296	1979
15. Commuter ride sharing	82.04.355	1979
16. Printing by libraries	82.04.600	1979
17. Printing by local government	82.04.397	1979
18. Printing by schools	82.04.395	1979
19. Nonprofit races	67.16.105(1)	1979
20. Commute trip reduction; special needs transportation	82.16.047	1979
21. Nonprofit youth organizations	84.33.075	1980
22. Credit for fish taxes paid to other jurisdictions	82.27.040	1980
23. Imported fish or fish products	82.27.030(1),(3)	1980
24. Cogeneration and renewable resources	82.16.055; 82.34.060(2)	1980
25. Nonresidents' rental vehicles	82.08.0279	1980
26. Ride-sharing vehicles	82.08.0287; 82.12.0282	1980
27. Ride-sharing vehicles (MVET)	82.44.015	1980
28. Youth organization fees	82.04.4271	1981
29. Public assembly halls and meeting places	84.36.037	1981
30. Crop dusting	82.42.020	1982
31. International banking facilities	82.04.315	1982
32. Grants for local government	82.04.418	1983
33. Housing finance commission	82.04.408	1983
34. Transportation of persons with special needs	82.36.285; 82.38.080(1)(h)	1983
35. Special fuel used outside of state	82.08.0255(2); 82.12.0256(1)	1983
36. Fuel for transporting persons with special needs	82.08.0255(1)(b); 82.12.0256(2)(b)	1983
37. Motion picture program contributions	82.04.4489	2006
38. Honey beekeepers B&O tax exemptions	82.04.629; 82.04.630	2008
39. Honey beekeepers sales/use tax exemptions	82.08.0204; 82.12.0204	2008
40. Habitat for endangered species	84.33.140(13)-(14); 84.34.108(6)	2009
41. Log transportation preferential public utility tax rate	82.16.020	2009
42. Sales of forest derived biomass to produce electricity	82.08.957; 82.12.957	2009
43. Machinery and equipment used to generate solar energy	82.08.963; 82.12.963	2009

Expedited Light Tax Preference Process



Timeframe for the Report

A report listing information obtained from the Department of Revenue for these preferences will be available in July 2011.

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APPENDIX 2 – CURRENT LAW

Seafood processing

[82.04.120](#)

"To manufacture" embraces all activities of a commercial or industrial nature wherein labor or skill is applied, by hand or machinery, to materials so that as a result thereof a new, different or useful substance or article of tangible personal property is produced for sale or commercial or industrial use, and shall include: (1) The production or fabrication of special made or custom made articles; (2) the production or fabrication of dental appliances, devices, restorations, substitutes, or other dental laboratory products by a dental laboratory or dental technician; (3) cutting, delimiting, and measuring of felled, cut, or taken trees; and (4) crushing and/or blending of rock, sand, stone, gravel, or ore.

"To manufacture" shall not include: Conditioning of seed for use in planting; cubing hay or alfalfa; activities which consist of cutting, grading, or ice glazing seafood which has been cooked, frozen, or canned outside this state; the growing, harvesting, or producing of agricultural products; packing of agricultural products, including sorting, washing, rinsing, grading, waxing, treating with fungicide, packaging, chilling, or placing in controlled atmospheric storage; the production of digital goods; or the production of computer software if the computer software is delivered from the seller to the purchaser by means other than tangible storage media, including the delivery by use of a tangible storage media where the tangible storage media is not physically transferred to the purchaser.

[[2009 c 535](#) § 406; [2003 c 168](#) § 604; [1999 sp.s. c 9](#) § 1; [1999 c 211](#) § 2; [1998 c 168](#) § 1; [1997 c 384](#) § 1; 1989 c 302 § 201. Prior: 1989 c 302 § 101; 1987 c 493 § 1; 1982 2nd ex.s. c 9 § 2; 1975 1st ex.s. c 291 § 6; 1965 ex.s. c 173 § 3; 1961 c 15 § [82.04.120](#); prior: 1959 ex.s. c 3 § 2; 1955 c 389 § 13; prior: 1949 c 228 § 2, part; 1945 c 249 § 1, part; 1943 c 156 § 2, part; 1941 c 178 § 2, part; 1939 c 225 § 2, part; 1937 c 227 § 2, part; 1935 c 180 § 5, part; Rem. Supp. 1949 § 8370-5, part.]

Church administrative offices

[84.36.032](#)

The real and personal property of the administrative offices of nonprofit recognized religious organizations shall be exempt to the extent that the property is used for the administration of the religious programs of the organization and such other programs as would be exempt under RCW [84.36.020](#) and [84.36.030](#) as now or hereafter amended.

[1975 1st ex.s. c 291 § 13.]

Nonprofit fair associations

[84.36.480](#)

The following property shall be exempt from taxation: The real and personal property of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW [67.16.100](#) and allocated by the director of the department of agriculture.

To be exempt under this section, the property must be used exclusively for fair purposes, except as provided in RCW [84.36.805](#). However, the loan or rental of property otherwise exempt under this section to a private concessionaire or to any person for use as a concession in conjunction with activities permitted under this section shall not nullify the exemption if the concession charges are subject to agreement and the rental income, if any, is reasonable and is devoted solely to the operation and maintenance of the property.

[1984 c 220 § 6; 1975 1st ex.s. c 291 § 22.]

Easements for removing products

[82.29A.020\(1\)](#)

As used in this chapter the following terms shall be defined as follows, unless the context otherwise requires:

(1) "Leasehold interest" shall mean an interest in publicly owned real or personal property which exists by virtue of any lease, permit, license, or any other agreement, written or verbal, between the public owner of the property and a person who would not be exempt from property taxes if that person owned the property in fee, granting possession and use, to a degree less than fee simple ownership: PROVIDED, That no interest in personal property (excluding land or buildings) which is owned by the United States, whether or not as trustee, or by any foreign government shall constitute a leasehold interest hereunder when the right to use such property is granted pursuant to a contract solely for the manufacture or production of articles for sale to the United States or any foreign government. The term "leasehold interest" shall include the rights of use or occupancy by others of property which is owned in fee or held in trust by a public corporation, commission, or authority created under RCW [35.21.730](#) or [35.21.660](#) if the property is listed on or is within a district listed on any federal or state register of historical sites. The term "leasehold interest" shall not include road or utility easements, rights of access, occupancy, or use granted solely for the purpose of removing materials or products purchased from a public owner or the lessee of a public owner, or rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration.

(2) "Taxable rent" shall mean contract rent as defined in subsection (a) of this subsection in all cases where the lease or agreement has been established or renegotiated through competitive bidding, or negotiated or renegotiated in accordance with statutory requirements regarding the rent payable, or negotiated or renegotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor: PROVIDED, That after January 1, 1986, with respect to any lease which has been in effect for ten years or more without renegotiation, taxable rent may be established by procedures set forth in subsection (b) of this subsection. All other leasehold interests shall be subject to the determination of taxable rent under the terms of subsection (b) of this subsection.

For purposes of determining leasehold excise tax on any lands on the Hanford reservation subleased to a private or public entity by the department of ecology, taxable rent shall include only the annual cash rental payment made by such entity to the department of ecology as specifically referred to as rent in the sublease agreement between the parties and shall not include any other

fees, assessments, or charges imposed on or collected by such entity irrespective of whether the private or public entity pays or collects such other fees, assessments, or charges as specified in the sublease agreement.

(a) "Contract rent" shall mean the amount of consideration due as payment for a leasehold interest, including: The total of cash payments made to the lessor or to another party for the benefit of the lessor according to the requirements of the lease or agreement, including any rents paid by a sublessee; expenditures for the protection of the lessor's interest when required by the terms of the lease or agreement; and expenditures for improvements to the property to the extent that such improvements become the property of the lessor. Where the consideration conveyed for the leasehold interest is made in combination with payment for concession or other rights granted by the lessor, only that portion of such payment which represents consideration for the leasehold interest shall be part of contract rent.

"Contract rent" shall not include: (i) Expenditures made by the lessee, which under the terms of the lease or agreement, are to be reimbursed by the lessor to the lessee or expenditures for improvements and protection made pursuant to a lease or an agreement which requires that the use of the improved property be open to the general public and that no profit will inure to the lessee from the lease; (ii) expenditures made by the lessee for the replacement or repair of facilities due to fire or other casualty including payments for insurance to provide reimbursement for losses or payments to a public or private entity for protection of such property from damage or loss or for alterations or additions made necessary by an action of government taken after the date of the execution of the lease or agreement; (iii) improvements added to publicly owned property by a sublessee under an agreement executed prior to January 1, 1976, which have been taxed as personal property of the sublessee prior to January 1, 1976, or improvements made by a sublessee of the same lessee under a similar agreement executed prior to January 1, 1976, and such improvements shall be taxable to the sublessee as personal property; (iv) improvements added to publicly owned property if such improvements are being taxed as personal property to any person.

Any prepaid contract rent shall be considered to have been paid in the year due and not in the year actually paid with respect to prepayment for a period of more than one year. Expenditures for improvements with a useful life of more than one year which are included as part of contract rent shall be treated as prepaid contract rent and prorated over the useful life of the improvement or the remaining term of the lease or agreement if the useful life is in excess of the remaining term of the lease or agreement. Rent prepaid prior to January 1, 1976, shall be prorated from the date of prepayment.

With respect to a "product lease", the value shall be that value determined at the time of sale under terms of the lease.

(b) If it shall be determined by the department of revenue, upon examination of a lessee's accounts or those of a lessor of publicly owned property, that a lessee is occupying or using publicly owned property in such a manner as to create a leasehold interest and that such leasehold interest has not been established through competitive bidding, or negotiated in accordance with statutory requirements regarding the rent payable, or negotiated under circumstances, established by public record, clearly showing that the contract rent was the maximum attainable by the lessor, the department may establish a taxable rent computation for use in determining the tax payable under

authority granted in this chapter based upon the following criteria: (i) Consideration shall be given to rental being paid to other lessors by lessees of similar property for similar purposes over similar periods of time; (ii) consideration shall be given to what would be considered a fair rate of return on the market value of the property leased less reasonable deductions for any restrictions on use, special operating requirements or provisions for concurrent use by the lessor, another person or the general public.

(3) "Product lease" as used in this chapter shall mean a lease of property for use in the production of agricultural or marine products to the extent that such lease provides for the contract rent to be paid by the delivery of a stated percentage of the production of such agricultural or marine products to the credit of the lessor or the payment to the lessor of a stated percentage of the proceeds from the sale of such products.

(4) "Renegotiated" means a change in the lease agreement which changes the agreed time of possession, restrictions on use, the rate of the cash rental or of any other consideration payable by the lessee to or for the benefit of the lessor, other than any such change required by the terms of the lease or agreement. In addition "renegotiated" shall mean a continuation of possession by the lessee beyond the date when, under the terms of the lease agreement, the lessee had the right to vacate the premises without any further liability to the lessor.

(5) "City" means any city or town.

(6) "Products" includes natural resource products such as cut or picked evergreen foliage, Cascara bark, wild edible mushrooms, native ornamental trees and shrubs, ore and minerals, natural gas, geothermal water and steam, and forage removed through the grazing of livestock.

[[1999 c 220](#) § 2; [1991 c 272](#) § 23; 1986 c 285 § 1; 1979 ex.s. c 196 § 11; 1975-'76 2nd ex.s. c 61 § 2.]

Homes pending destruction

[82.29A.130\(10\)](#)

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW [82.29A.030](#) and [82.29A.040](#):

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW [84.36.010](#) and [84.36.050](#).

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW [67.16.100](#) and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its

political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW [84.36.451](#) and [84.40.175](#).

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW [82.29A.020\(2\)\(b\)](#).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW [72.09.100](#).

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW [84.36.030\(1\)](#) if it owned the property. If the publicly owned property is used for any taxable

purpose, the leasehold excise taxes set forth in RCW [82.29A.030](#) and [82.29A.040](#) shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW [36.102.010](#), that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen thousand reserved and general admission seats and is in a county that had a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand when the amphitheater first opened to the public.

For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

(19) All leasehold interests in real property used for the placement of military housing meeting the requirements of RCW [84.36.665](#).

[[2008 c 194](#) § 1; [2008 c 84](#) § 2; [2007 c 90](#) § 1. Prior: [2005 c 514](#) § 601; [2005 c 170](#) § 1; [1999 c 165](#) § 21; [1997 c 220](#) § 202 (Referendum Bill No. 48, approved June 17, 1997); [1995 3rd sp.s. c 1](#) § 307; [1995 c 138](#) § 1; [1992 c 123](#) § 2; 1975-'76 2nd ex.s. c 61 § 13.]

Indian trust lands

[82.29A.130\(7\)](#)

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW [82.29A.030](#) and [82.29A.040](#):

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW [84.36.010](#) and [84.36.050](#).

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW [67.16.100](#) and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW [84.36.451](#) and [84.40.175](#).

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW [82.29A.020\(2\)\(b\)](#).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW [72.09.100](#).

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW [84.36.030\(1\)](#) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold excise taxes set forth in RCW [82.29A.030](#) and [82.29A.040](#) shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW [36.102.010](#), that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen thousand reserved and general admission seats and is in a county that had a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand when the amphitheater first opened to the public.

For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

(19) All leasehold interests in real property used for the placement of military housing meeting the requirements of RCW [84.36.665](#).

[[2008 c 194](#) § 1; [2008 c 84](#) § 2; [2007 c 90](#) § 1. Prior: [2005 c 514](#) § 601; [2005 c 170](#) § 1; [1999 c 165](#) § 21; [1997 c 220](#) § 202 (Referendum Bill No. 48, approved June 17, 1997); [1995 3rd sp.s. c 1](#) § 307; [1995 c 138](#) § 1; [1992 c 123](#) § 2; 1975-'76 2nd ex.s. c 61 § 13.]

Product leases, 33% credit

[82.29A.120\(2\)](#)

After computation of the taxes imposed pursuant to RCW [82.29A.030](#) and [82.29A.040](#) there shall be allowed the following credits in determining the tax payable:

(1) With respect to a leasehold interest other than a product lease, executed with an effective date of April 1, 1986, or thereafter, or a leasehold interest in respect to which the department of revenue under the authority of RCW [82.29A.020](#) does adjust the contract rent base used for computing the tax provided for in RCW [82.29A.030](#), there shall be allowed a credit against the tax as otherwise computed equal to the amount, if any, that such tax exceeds the property tax that would apply to such leased property without regard to any property tax exemption under RCW [84.36.381](#), if it were privately owned by the lessee or if it were privately owned by any sublessee if the value of the credit inures to the sublessee. For lessees and sublessees who would qualify for a property tax exemption

under RCW [84.36.381](#) if the property were privately owned, the tax otherwise due after this credit shall be reduced by a percentage equal to the percentage reduction in property tax that would result from the property tax exemption under RCW [84.36.381](#).

(2) With respect to a product lease, a credit of thirty-three percent of the tax otherwise due.

[[1994 c 95](#) § 2; 1986 c 285 § 2; 1975-'76 2nd ex.s. c 61 § 12.]

Residences of public employees

[82.29A.130\(5\)](#)

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW [82.29A.030](#) and [82.29A.040](#):

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW [84.36.010](#) and [84.36.050](#).

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW [67.16.100](#) and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW [84.36.451](#) and [84.40.175](#).

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW [82.29A.020\(2\)\(b\)](#).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW [72.09.100](#).

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW [84.36.030\(1\)](#) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold excise taxes set forth in RCW [82.29A.030](#) and [82.29A.040](#) shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW [36.102.010](#), that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen thousand reserved and general admission seats and is in a county that had a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand when the amphitheater first opened to the public.

For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

(19) All leasehold interests in real property used for the placement of military housing meeting the requirements of RCW [84.36.665](#).

[[2008 c 194](#) § 1; [2008 c 84](#) § 2; [2007 c 90](#) § 1. Prior: [2005 c 514](#) § 601; [2005 c 170](#) § 1; [1999 c 165](#) § 21; [1997 c 220](#) § 202 (Referendum Bill No. 48, approved June 17, 1997); [1995 3rd sp.s. c 1](#) § 307; [1995 c 138](#) § 1; [1992 c 123](#) § 2; 1975-'76 2nd ex.s. c 61 § 13.]

Public works contracts

[82.29A.130\(11\)](#)

The following leasehold interests shall be exempt from taxes imposed pursuant to RCW [82.29A.030](#) and [82.29A.040](#):

(1) All leasehold interests constituting a part of the operating properties of any public utility which is assessed and taxed as a public utility pursuant to chapter 84.12 RCW.

(2) All leasehold interests in facilities owned or used by a school, college or university which leasehold provides housing for students and which is otherwise exempt from taxation under provisions of RCW [84.36.010](#) and [84.36.050](#).

(3) All leasehold interests of subsidized housing where the fee ownership of such property is vested in the government of the United States, or the state of Washington or any political subdivision thereof but only if income qualification exists for such housing.

(4) All leasehold interests used for fair purposes of a nonprofit fair association that sponsors or conducts a fair or fairs which receive support from revenues collected pursuant to RCW [67.16.100](#) and allocated by the director of the department of agriculture where the fee ownership of such property is vested in the government of the United States, the state of Washington or any of its political subdivisions: PROVIDED, That this exemption shall not apply to the leasehold interest of any sublessee of such nonprofit fair association if such leasehold interest would be taxable if it were the primary lease.

(5) All leasehold interests in any property of any public entity used as a residence by an employee of that public entity who is required as a condition of employment to live in the publicly owned property.

(6) All leasehold interests held by enrolled Indians of lands owned or held by any Indian or Indian tribe where the fee ownership of such property is vested in or held in trust by the United States and which are not subleased to other than to a lessee which would qualify pursuant to this chapter, RCW [84.36.451](#) and [84.40.175](#).

(7) All leasehold interests in any real property of any Indian or Indian tribe, band, or community that is held in trust by the United States or is subject to a restriction against alienation imposed by the United States: PROVIDED, That this exemption shall apply only where it is determined that contract rent paid is greater than or equal to ninety percent of fair market rental, to be determined by the department of revenue using the same criteria used to establish taxable rent in RCW [82.29A.020\(2\)\(b\)](#).

(8) All leasehold interests for which annual taxable rent is less than two hundred fifty dollars per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor shall be deemed a single leasehold interest.

(9) All leasehold interests which give use or possession of the leased property for a continuous period of less than thirty days: PROVIDED, That for purposes of this subsection, successive leases or lease renewals giving substantially continuous use of possession of the same property to the same lessee shall be deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest shall be deemed to give use or possession for a period of less than thirty days solely by virtue of the reservation by the public lessor of the right to use the property or to allow third parties to use the property on an occasional, temporary basis.

(10) All leasehold interests under month-to-month leases in residential units rented for residential purposes of the lessee pending destruction or removal for the purpose of constructing a public highway or building.

(11) All leasehold interests in any publicly owned real or personal property to the extent such leasehold interests arises solely by virtue of a contract for public improvements or work executed under the public works statutes of this state or of the United States between the public owner of the property and a contractor.

(12) All leasehold interests that give use or possession of state adult correctional facilities for the purposes of operating correctional industries under RCW [72.09.100](#).

(13) All leasehold interests used to provide organized and supervised recreational activities for persons with disabilities of all ages in a camp facility and for public recreational purposes by a nonprofit organization, association, or corporation that would be exempt from property tax under RCW [84.36.030\(1\)](#) if it owned the property. If the publicly owned property is used for any taxable purpose, the leasehold excise taxes set forth in RCW [82.29A.030](#) and [82.29A.040](#) shall be imposed and shall be apportioned accordingly.

(14) All leasehold interests in the public or entertainment areas of a baseball stadium with natural turf and a retractable roof or canopy that is in a county with a population of over one million, that has a seating capacity of over forty thousand, and that is constructed on or after January 1, 1995. "Public or entertainment areas" include ticket sales areas, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality and stadium club areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths, broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas and suites, the playing field, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include locker rooms or private offices exclusively used by the lessee.

(15) All leasehold interests in the public or entertainment areas of a stadium and exhibition center, as defined in RCW [36.102.010](#), that is constructed on or after January 1, 1998. For the purposes of this subsection, "public or entertainment areas" has the same meaning as in subsection (14) of this section, and includes exhibition areas.

(16) All leasehold interests in public facilities districts, as provided in chapter 36.100 or 35.57 RCW.

(17) All leasehold interests in property that is: (a) Owned by the United States government or a municipal corporation; (b) listed on any federal or state register of historical sites; and (c) wholly contained within a designated national historic reserve under 16 U.S.C. Sec. 461.

(18) All leasehold interests in the public or entertainment areas of an amphitheater if a private entity is responsible for one hundred percent of the cost of constructing the amphitheater which is not reimbursed by the public owner, both the public owner and the private lessee sponsor events at the facility on a regular basis, the lessee is responsible under the lease or agreement to operate and maintain the facility, and the amphitheater has a seating capacity of over seventeen thousand reserved and general admission seats and is in a county that had a population of over three hundred fifty thousand, but less than four hundred twenty-five thousand when the amphitheater first opened to the public.

For the purposes of this subsection, "public or entertainment areas" include box offices or other ticket sales areas, entrance gates, ramps and stairs, lobbies and concourses, parking areas, concession areas, restaurants, hospitality areas, kitchens or other work areas primarily servicing other public or entertainment areas, public rest room areas, press and media areas, control booths,

broadcast and production areas, retail sales areas, museum and exhibit areas, scoreboards or other public displays, storage areas, loading, staging, and servicing areas, seating areas including lawn seating areas and suites, stages, and any other areas to which the public has access or which are used for the production of the entertainment event or other public usage, and any other personal property used for these purposes. "Public or entertainment areas" does not include office areas used predominately by the lessee.

(19) All leasehold interests in real property used for the placement of military housing meeting the requirements of RCW [84.36.665](#).

[[2008 c 194](#) § 1; [2008 c 84](#) § 2; [2007 c 90](#) § 1. Prior: [2005 c 514](#) § 601; [2005 c 170](#) § 1; [1999 c 165](#) § 21; [1997 c 220](#) § 202 (Referendum Bill No. 48, approved June 17, 1997); [1995 3rd sp.s. c 1](#) § 307; [1995 c 138](#) § 1; [1992 c 123](#) § 2; 1975-'76 2nd ex.s. c 61 § 13.]

Leaseholds of public property

[84.36.451](#)

(1) The following property shall be exempt from taxation: Any and all rights to occupy or use any real or personal property owned in fee or held in trust by:

(a) The United States, the state of Washington, or any political subdivision or municipal corporation of the state of Washington; or

(b) A public corporation, commission, or authority created under RCW [35.21.730](#) or [35.21.660](#) if the property is listed on or is within a district listed on any federal or state register of historical sites; and

(c) Including any leasehold interest arising from the property identified in (a) and (b) of this subsection as defined in RCW [82.29A.020](#).

(2) The exemption under this section shall not apply to:

(a) Any such leasehold interests which are a part of operating properties of public utilities subject to assessment under chapter 84.12 RCW; or

(b) Any such leasehold interest consisting of three thousand or more residential and recreational lots that are or may be subleased for residential and recreational purposes.

(3) The exemption under this section shall not be construed to modify the provisions of RCW [84.40.230](#).

[[2001 c 26](#) § 2; 1979 ex.s. c 196 § 10; 1975-'76 2nd ex.s. c 61 § 14.]

Public historical sites

[35.21.755](#)

(1) A public corporation, commission, or authority created pursuant to RCW [35.21.730](#), [35.21.660](#), or [81.112.320](#) shall receive the same immunity or exemption from taxation as that of the city, town, or county creating the same: PROVIDED, That, except for (a) any property within a special review district established by ordinance prior to January 1, 1976, or listed on or which is within a district listed on any federal or state register of historical sites or (b) any property owned,

operated, or controlled by a public corporation that is used primarily for low-income housing, or that is used as a convention center, performing arts center, public assembly hall, public meeting place, public esplanade, street, public way, public open space, park, public utility corridor, or view corridor for the general public or (c) any blighted property owned, operated, or controlled by a public corporation that was acquired for the purpose of remediation and redevelopment of the property in accordance with an agreement or plan approved by the city, town, or county in which the property is located, or (d) any property owned, operated, or controlled by a public corporation created under RCW [81.112.320](#), any such public corporation, commission, or authority shall pay to the county treasurer an annual excise tax equal to the amounts which would be paid upon real property and personal property devoted to the purposes of such public corporation, commission, or authority were it in private ownership, and such real property and personal property is acquired and/or operated under RCW [35.21.730](#) through [35.21.755](#), and the proceeds of such excise tax shall be allocated by the county treasurer to the various taxing authorities in which such property is situated, in the same manner as though the property were in private ownership: PROVIDED FURTHER, That the provisions of chapter 82.29A RCW shall not apply to property within a special review district established by ordinance prior to January 1, 1976, or listed on or which is within a district listed on any federal or state register of historical sites and which is controlled by a public corporation, commission, or authority created pursuant to RCW [35.21.730](#) or [35.21.660](#), which was in existence prior to January 1, 1987: AND PROVIDED FURTHER, That property within a special review district established by ordinance prior to January 1, 1976, or property which is listed on any federal or state register of historical sites and controlled by a public corporation, commission, or authority created pursuant to RCW [35.21.730](#) or [35.21.660](#), which was in existence prior to January 1, 1976, shall receive the same immunity or exemption from taxation as if such property had been within a district listed on any such federal or state register of historical sites as of January 1, 1976, and controlled by a public corporation, commission, or authority created pursuant to RCW [35.21.730](#) or [35.21.660](#) which was in existence prior to January 1, 1976.

(2) As used in this section:

(a) "Low-income" means a total annual income, adjusted for family size, not exceeding fifty percent of the area median income.

(b) "Area median income" means:

(i) For an area within a standard metropolitan statistical area, the area median income reported by the United States department of housing and urban development for that standard metropolitan statistical area; or

(ii) For an area not within a standard metropolitan statistical area, the county median income reported by the *department of community, trade, and economic development.

(c) "Blighted property" means property that is contaminated with hazardous substances as defined under RCW 70.105D.020.

[[2007 c 104](#) § 16; [2000 2nd sp.s. c 4](#) § 29; [1999 c 266](#) § 1; [1995 c 399](#) § 38; [1993 c 220](#) § 1; 1990 c 131 § 1; 1987 c 282 § 1; 1985 c 332 § 5; 1984 c 116 § 1; 1979 ex.s. c 196 § 9; 1977 ex.s. c 35 § 1; 1974 ex.s. c 37 § 7.]

Radio & TV transmission stations

84.36.047

The following property shall be exempt from taxation:

Real and personal property owned by or leased to any nonprofit corporation or association and, except as provided in RCW [84.36.805](#), used exclusively to rebroadcast, amplify, or otherwise facilitate the transmission and/or reception of radio and/or television signals originally broadcast by foreign or domestic governmental agencies for reception by the general public: PROVIDED, That in the event such property is leased, the benefit of the exemption shall inure to the user.

[1984 c 220 § 4; 1977 ex.s. c 348 § 1.]

Nonprofit water associations

82.16.050(12)

In computing tax there may be deducted from the gross income the following items:

(1) Amounts derived by municipally owned or operated public service businesses, directly from taxes levied for the support or maintenance thereof. This subsection may not be construed to exempt service charges which are spread on the property tax rolls and collected as taxes;

(2) Amounts derived from the sale of commodities to persons in the same public service business as the seller, for resale as such within this state. This deduction is allowed only with respect to water distribution, gas distribution or other public service businesses which furnish water, gas or any other commodity in the performance of public service businesses;

(3) Amounts actually paid by a taxpayer to another person taxable under this chapter as the latter's portion of the consideration due for services furnished jointly by both, if the total amount has been credited to and appears in the gross income reported for tax by the former;

(4) The amount of cash discount actually taken by the purchaser or customer;

(5) The amount of bad debts, as that term is used in 26 U.S.C. Sec. 166, as amended or renumbered as of January 1, 2003, on which tax was previously paid under this chapter;

(6) Amounts derived from business which the state is prohibited from taxing under the Constitution of this state or the Constitution or laws of the United States;

(7) Amounts derived from the distribution of water through an irrigation system, for irrigation purposes;

(8) Amounts derived from the transportation of commodities from points of origin in this state to final destination outside this state, or from points of origin outside this state to final destination in this state, with respect to which the carrier grants to the shipper the privilege of stopping the shipment in transit at some point in this state for the purpose of storing, manufacturing, milling, or other processing, and thereafter forwards the same commodity, or its equivalent, in the same or converted form, under a through freight rate from point of origin to final destination;

(9) Amounts derived from the transportation of commodities from points of origin in the state to an export elevator, wharf, dock or ship side on tidewater or its navigable tributaries to be forwarded, without intervening transportation, by vessel, in their original form, to interstate or foreign destinations. No deduction is allowed under this subsection when the point of origin and the point of delivery to the export elevator, wharf, dock, or ship side are located within the corporate limits of the same city or town;

(10) Amounts derived from the transportation of agricultural commodities, not including manufactured substances or articles, from points of origin in the state to interim storage facilities in this state for transshipment, without intervening transportation, to an export elevator, wharf, dock, or ship side on tidewater or its navigable tributaries to be forwarded, without intervening transportation, by vessel, in their original form, to interstate or foreign destinations. If agricultural commodities are transshipped from interim storage facilities in this state to storage facilities at a port on tidewater or its navigable tributaries, the same agricultural commodity dealer must operate both the interim storage facilities and the storage facilities at the port.

(a) The deduction under this subsection is available only when the person claiming the deduction obtains a certificate from the agricultural commodity dealer operating the interim storage facilities, in a form and manner prescribed by the department, certifying that:

(i) More than ninety-six percent of all of the type of agricultural commodity delivered by the person claiming the deduction under this subsection and delivered by all other persons to the dealer's interim storage facilities during the preceding calendar year was shipped by vessel in original form to interstate or foreign destinations; and

(ii) Any of the agricultural commodity that is transshipped to ports on tidewater or its navigable tributaries will be received at storage facilities operated by the same agricultural commodity dealer and will be shipped from such facilities, without intervening transportation, by vessel, in their original form, to interstate or foreign destinations.

(b) As used in this subsection, "agricultural commodity" has the same meaning as agricultural product in RCW [82.04.213](#);

(11) Amounts derived from the production, sale, or transfer of electrical energy for resale within or outside the state or for consumption outside the state;

(12) Amounts derived from the distribution of water by a nonprofit water association and used for capital improvements by that nonprofit water association;

(13) Amounts paid by a sewerage collection business taxable under RCW [82.16.020\(1\)\(a\)](#) to a person taxable under chapter 82.04 RCW for the treatment or disposal of sewage;

(14) Amounts derived from fees or charges imposed on persons for transit services provided by a public transportation agency. For the purposes of this subsection, "public transportation agency" means a municipality, as defined in RCW [35.58.272](#), and urban public transportation systems, as defined in RCW [47.04.082](#). Public transportation agencies shall spend an amount equal to the reduction in tax provided by this tax deduction solely to adjust routes to improve access for citizens using food banks and senior citizen services or to extend or add new routes to assist low-income citizens and seniors.

[[2007 c 330](#) § 1; [2006 c 336](#) § 1; [2004 c 153](#) § 308; [2000 c 245](#) § 1; [1994 c 124](#) § 12; 1989 c 302 § 103; 1987 c 207 § 1; 1982 2nd ex.s. c 9 § 3; 1977 ex.s. c 368 § 1; 1967 ex.s. c 149 § 25; 1965 ex.s. c 173 § 22; 1961 c 15 §[82.16.050](#) . Prior: 1959 ex.s. c 3 § 18; 1949 c 228 § 11; 1937 c 227 § 12; 1935 c 180 § 40; Rem. Supp. 1949 § 8370-40.]

Funeral home reimbursement

[82.04.4296](#)

In computing tax there may be deducted from the measure of tax that portion of amounts received by any funeral home licensed to do business in this state which is received as reimbursements for expenditures (for goods supplied or services rendered by a person not employed by or affiliated or associated with the funeral home) and advanced by such funeral home as an accommodation to the persons paying for a funeral, so long as such expenditures and advances are billed to the persons paying for the funeral at only the exact cost thereof and are separately itemized in the billing statement delivered to such persons.

[1980 c 37 § 16. Formerly RCW [82.04.430\(15\)](#).]

Commuter ride sharing

[82.04.355](#)

This chapter does not apply to any funds received in the course of commuter ride sharing or ride sharing for persons with special transportation needs in accordance with RCW [46.74.010](#).

[[1999 c 358](#) § 8; 1979 c 111 § 17.]

Printing by libraries

[82.04.600](#)

This chapter does not apply to any county as defined in Title 36 RCW, any city or town as defined in Title 35 RCW, any school district or educational service district as defined in Title 28A RCW, or any library or library district as defined in Title 27 RCW, in respect to materials printed in the county, city, town, school district, educational district, library or library district facilities when the materials are used solely for county, city, town, school district, educational district, library, or library district purposes.

[1979 ex.s. c 266 § 8.]

Printing by local government

[82.04.397](#)

This chapter does not apply to any county, city or town as defined in Title 35 RCW and Title 36 RCW, in respect to materials printed in the county, city or town printing facilities when said materials are used solely for said county, city or town purposes.

[1979 ex.s. c 196 § 14.]

Printing by schools

[82.04.395](#)

This chapter shall not apply to school districts and educational service districts as defined in Title 28A RCW, in respect to materials printed in the school district and educational service districts printing facilities when said materials are used solely for school district and educational service district purposes.

[1979 ex.s. c 196 § 12.]

Nonprofit races

[67.16.105\(1\)](#)

(1) Licensees of race meets that are nonprofit in nature and are of ten days or less shall be exempt from payment of a parimutuel tax.

(2) Licensees that do not fall under subsection (1) of this section shall withhold and pay to the commission daily for each authorized day of parimutuel wagering the following applicable percentage of all daily gross receipts from its in-state parimutuel machines:

(a) If the gross receipts of all its in-state parimutuel machines are more than fifty million dollars in the previous calendar year, the licensee shall withhold and pay to the commission daily 1.30 percent of the daily gross receipts; and

(b) If the gross receipts of all its in-state parimutuel machines are fifty million dollars or less in the previous calendar year, the licensee shall withhold and pay to the commission daily 1.803 percent of the daily gross receipts.

(3)(a) In addition to those amounts in subsection (2) of this section, a licensee shall forward one-tenth of one percent of the daily gross receipts of all its in-state parimutuel machines to the commission for payment to those nonprofit race meets as set forth in RCW [67.16.130](#) and subsection (1) of this section, but said percentage shall not be charged against the licensee.

(b) Payments to nonprofit race meets under this subsection shall be distributed on a per-race-day basis and used only for purses at race tracks that have been operating under RCW [67.16.130](#) and subsection (1) of this section for the five consecutive years immediately preceding the year of payment.

(c) As provided in this subsection, the commission shall distribute funds equal to fifteen thousand eight hundred dollars per race day from funds generated under this subsection (3).

(4) If the funds generated under subsection (3) of this section are not sufficient to fund purses equal to fifteen thousand eight hundred dollars per race day, the commission is authorized to fund these purses from the following in the order provided below:

(a) First from fines imposed by the board of stewards and the commission in a calendar year;

(b) Second from a commission approved percentage of any source market fee generated from advance deposit wagering as authorized in RCW [67.16.260](#);

(c) Third from interest earned from the Washington horse racing commission operating account created in RCW [67.16.280](#); and

(d) Fourth from the Washington horse racing commission operating account created in RCW [67.16.280](#).

(5) Funds generated under subsection (3) of this section that are in excess of fifteen thousand eight hundred dollars per race day must be returned to the licensee or licensees from which the funds were collected.

(6) Funds generated from any of the sources listed in subsection (4) of this section that are not needed in a calendar year to fund purses under subsection (3) of this section must be deposited in the Washington horse racing commission operating account.

(7) Beginning July 1, 1999, at the conclusion of each authorized race meet, the commission shall calculate the mathematical average daily gross receipts of parimutuel wagering that is conducted only at the physical location of the live race meet at those race meets of licensees with gross receipts of all their in-state parimutuel machines of more than fifty million dollars. Such calculation shall include only the gross parimutuel receipts from wagering occurring on live racing dates, including live racing receipts and receipts derived from one simulcast race card that is conducted only at the physical location of the live racing meet, which, for the purposes of this subsection, is "the handle." If the calculation exceeds eight hundred eighty-six thousand dollars, the licensee shall within ten days of receipt of written notification by the commission forward to the commission a sum equal to the product obtained by multiplying 0.6 percent by the handle. Sums collected by the commission under this subsection shall be forwarded on the next business day following receipt thereof to the state treasurer to be deposited in the fair fund created in RCW [15.76.115](#).

[[2010 c 39](#) § 1; [2004 c 246](#) § 7; [2003 1st sp.s. c 27](#) § 1; [1998 c 345](#) § 6; [1997 c 87](#) § 3; [1995 c 173](#) § 2; [1994 c 159](#) § 2; [1993 c 170](#) § 2; [1991 c 270](#) § 6; 1987 c 347 § 4; 1985 c 146 § 7; 1982 c 32 § 3; 1979 c 31 § 6.]

Commute trip reduction; special needs transportation

[82.16.047](#)

This chapter does not apply to any funds received in the course of commuter ride sharing or ride sharing for persons with special transportation needs in accordance with RCW [46.74.010](#).

[[1999 c 358](#) § 12; 1979 c 111 § 18.]

Nonprofit youth organizations

[84.33.075](#)

The excise tax imposed by this chapter shall not apply to any timber harvested by a nonprofit organization, association, or corporation from forest lands owned by it, where such lands are exempt from property taxes under RCW [84.36.030](#), and where all of the income and receipts of the nonprofit organization, association, or corporation derived from such timber sales are used solely for the expense of promoting, operating, and maintaining youth programs which are equally available to all, regardless of race, color, national origin, ancestry, or religious belief.

In order to determine whether the harvesting of timber by a nonprofit organization, association, or corporation is exempt, the director of the department of revenue shall have access to its books.

For the purposes of this section, a "nonprofit" organization, association, or corporation is one: (1) Which pays no part of its income directly or indirectly to its members, stockholders, officers, directors, or trustees except in the form of services rendered by the organization, association, or corporation in accordance with its purposes and bylaws; and (2) which pays salary or compensation to its officers only for actual services rendered, and at levels comparable to the salary or compensation of like positions within the public services of the state.

[1984 c 204 § 20; 1980 c 134 § 6.]

Credit for fish taxes paid to other jurisdictions

82.27.040

A credit shall be allowed against the tax imposed by RCW [82.27.020](#) upon enhanced food fish with respect to any tax previously paid on that same enhanced food fish to any other legally established taxing authority. To qualify for a credit, the owner of the enhanced food fish must have documentation showing a tax was paid in another jurisdiction.

[1985 c 413 § 4; 1980 c 98 § 4.]

Imported fish or fish products

82.27.030(1),(3)

The tax imposed by RCW [82.27.020](#) shall not apply to: (1) Enhanced food fish originating outside the state which enters the state as (a) frozen enhanced food fish or (b) enhanced food fish packaged for retail sales; (2) the growing, processing, or dealing with food fish or shellfish which are raised from eggs, fry, or larvae and which are under the physical control of the grower at all times until being sold or harvested; and (3) food fish, shellfish, anadromous game fish, and by-products or parts of food fish shipped from outside the state which enter the state, except as provided in RCW [82.27.010](#), provided the taxpayer must have documentation showing shipping origination of fish exempt under this subsection to qualify for exemption. Such documentation includes, but is not limited to fish tickets, bills of lading, invoices, or other documentation required to be kept by governmental agencies.

[[1995 2nd sp.s. c 7](#) § 1; 1985 c 413 § 3; 1980 c 98 § 3.]

Cogeneration and renewable resources

82.16.055

- (1) In computing tax under this chapter there shall be deducted from the gross income:
 - (a) An amount equal to the cost of production at the plant for consumption within the state of Washington of:
 - (i) Electrical energy produced or generated from cogeneration as defined in *RCW [82.35.020](#); and

(ii) Electrical energy or gas produced or generated from renewable energy resources such as solar energy, wind energy, hydroelectric energy, geothermal energy, wood, wood wastes, municipal wastes, agricultural products and wastes, and end-use waste heat; and

(b) Those amounts expended to improve consumers' efficiency of energy end use or to otherwise reduce the use of electrical energy or gas by the consumer.

(2) This section applies only to new facilities for the production or generation of energy from cogeneration or renewable energy resources or measures to improve the efficiency of energy end use on which construction or installation is begun after June 12, 1980, and before January 1, 1990.

(3) Deductions under subsection (1)(a) of this section shall be allowed for a period not to exceed thirty years after the project is placed in operation.

(4) Measures or projects encouraged under this section shall at the time they are placed in service be reasonably expected to save, produce, or generate energy at a total incremental system cost per unit of energy delivered to end use which is less than or equal to the incremental system cost per unit of energy delivered to end use from similarly available conventional energy resources which utilize nuclear energy or fossil fuels and which the gas or electric utility could acquire to meet energy demand in the same time period.

(5) The department of revenue, after consultation with the utilities and transportation commission in the case of investor-owned utilities and the governing bodies of locally regulated utilities, shall determine the eligibility of individual projects and measures for deductions under this section.

[1980 c 149 § 3.]

Nonresidents' rental vehicles

[82.08.0279](#)

The tax levied by RCW [82.08.020](#) shall not apply to the renting or leasing of motor vehicles and trailers to a nonresident of this state for use exclusively in transporting persons or property across the boundaries of this state and in intrastate operations incidental thereto when such motor vehicle or trailer is registered and licensed in a foreign state and for purposes of this exemption the term "nonresident" shall apply to a renter or lessee who has one or more places of business in this state as well as in one or more other states but the exemption for nonresidents shall apply only to those vehicles which are most frequently dispatched, garaged, serviced, maintained and operated from the renter's or lessee's place of business in another state.

[1980 c 37 § 45. Formerly RCW [82.08.030\(27\)](#).]

Ride-sharing vehicles

[82.08.0287](#)

The tax imposed by this chapter shall not apply to sales of passenger motor vehicles which are to be used for commuter ride sharing or ride sharing for persons with special transportation needs, as defined in RCW [46.74.010](#), if the vehicles are used as ride-sharing vehicles for thirty-six consecutive months beginning from the date of purchase.

To qualify for the tax exemption, those passenger motor vehicles with five or six passengers, including the driver, used for commuter ride-sharing, must be operated either within the state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70.94 RCW or in other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan. Additionally at least one of the following conditions must apply: (1) The vehicle must be operated by a public transportation agency for the general public; or (2) the vehicle must be used by a major employer, as defined in RCW [70.94.524](#) as an element of its commute trip reduction program for their employees; or (3) the vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency serving the area where the employees live or work. Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the commuter ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.

[2001 c 320 § 4; 1996 c 244 § 4; 1995 c 274 § 2; 1993 c 488 § 2; 1980 c 166 § 1.]

[82.12.0282](#)

The tax imposed by this chapter shall not apply with respect to the use of passenger motor vehicles used as ride-sharing vehicles by not less than five persons, including the driver, with a gross vehicle weight not to exceed 10,000 pounds where the primary usage is for commuter ride-sharing, as defined in RCW [46.74.010](#), by not less than four persons including the driver when at least two of those persons are confined to wheelchairs when riding, or passenger motor vehicles where the primary usage is for ride-sharing for persons with special transportation needs, as defined in RCW [46.74.010](#), if the vehicles are used as ride-sharing vehicles for thirty-six consecutive months beginning with the date of first use.

To qualify for the tax exemption, those passenger motor vehicles with five or six passengers, including the driver, used for commuter ride-sharing, must be operated either within the state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter 70.94 RCW or in other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan. Additionally at least one of the following conditions must apply: (1) The vehicle must be operated by a public transportation agency for the general public; or (2) the vehicle must be used by a major employer, as defined in RCW [70.94.524](#) as an element of its commute trip reduction program for their employees; or (3) the vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency serving the area where the employees live or work. Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the commuter ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.

[[2001 c 320](#) § 5; [1999 c 358](#) § 11; [1996 c 88](#) § 4; [1993 c 488](#) § 4; 1980 c 166 § 2.]

Ride-sharing vehicles (MVET)

82.44.015

For the purposes of this chapter, in addition to the exclusions under RCW [82.44.010](#), "motor vehicle" shall not include passenger motor vehicles used primarily for commuter ride sharing and ride sharing for persons with special transportation needs, as defined in RCW [46.74.010](#). The registered owner of one of these vehicles shall notify the department of licensing upon termination of primary use of the vehicle in commuter ride sharing or ride sharing for persons with special transportation needs and shall be liable for the tax imposed by this chapter, prorated on the remaining months for which the vehicle is licensed.

To qualify for the tax exemption, those passenger motor vehicles with five or six passengers, including the driver, used for commuter ride-sharing, must be operated either within the state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter [70.94](#) RCW or in other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan. Additionally at least one of the following conditions must apply: (1) The vehicle must be operated by a public transportation agency for the general public; or (2) the vehicle must be used by a major employer, as defined in RCW [70.94.524](#) as an element of its commute trip reduction program for their employees; or (3) the vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency serving the area where the employees live or work. Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the commuter ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.

Revisions Effective July 1, 2011

(1) Passenger motor vehicles used primarily for commuter ride sharing and ride sharing for persons with special transportation needs, as defined in RCW [46.74.010](#), are not subject to the motor vehicle excise tax authorized under this chapter.

(2) To qualify for the motor vehicle excise tax exemption, passenger motor vehicles must:

(a) Have a seating capacity of five or six passengers, including the driver;

(b) Be used for commuter ride-sharing;

(c) Be operated either within:

(i) The state's eight largest counties that are required to develop commute trip reduction plans as directed by chapter [70.94](#) RCW; or

(ii) In other counties, or cities and towns within those counties, that elect to adopt and implement a commute trip reduction plan; and

(d) Meet at least one of the following conditions:

- (i) The vehicle must be operated by a public transportation agency for the general public;
 - (ii) The vehicle must be used by a major employer, as defined in RCW 70.94.524 as an element of its commute trip reduction program for their employees; or
 - (iii) The vehicle must be owned and operated by individual employees and must be registered either with the employer as part of its commute trip reduction program or with a public transportation agency serving the area where the employees live or work. Individual employee owned and operated motor vehicles will require certification that the vehicle is registered with a major employer or a public transportation agency. Major employers who own and operate motor vehicles for their employees must certify that the commuter ride-sharing arrangement conforms to a carpool/vanpool element contained within their commute trip reduction program.
- (3) The registered owner of a passenger motor vehicle described in subsection (2) of this section:
- (a) Shall notify the department upon the termination of the primary use of the vehicle in commuter ride sharing or ride sharing for persons with special transportation needs; and
 - (b) Is liable for the motor vehicle excise tax imposed under this chapter, prorated on the remaining months for which the vehicle is registered.

[2010 c 161 § 909; 1996 c 244 § 7; 1993 c 488 § 3; 1982 c 142 § 1; 1980 c 166 § 3.]

Youth organization fees

82.04.4271

In computing tax due under this chapter, there may be deducted from the measure of tax all amounts received by a nonprofit youth organization:

- (1) As membership fees or dues, irrespective of the fact that the payment of the membership fees or dues to the organization may entitle its members, in addition to other rights or privileges, to receive services from the organization or to use the organization's facilities; or
- (2) From members of the organization for camping and recreational services provided by the organization or for the use of the organization's camping and recreational facilities.

For purposes of this section: "Nonprofit youth organization" means a nonprofit organization engaged in character building of youth which is exempt from property tax under RCW [84.36.030](#).

[1981 c 74 § 1.]

Public assembly halls and meeting places

84.36.037

(1) Real or personal property owned by a nonprofit organization, association, or corporation in connection with the operation of a public assembly hall or meeting place is exempt from taxation. The area exempt under this section includes the building or buildings, the land under the buildings, and an additional area necessary for parking, not exceeding a total of one acre. When property for which exemption is sought is essentially unimproved except for restroom facilities and structures and this property has been used primarily for annual community celebration events for at least ten years, the exempt property shall not exceed twenty-nine acres.

(2) To qualify for this exemption the property must be used exclusively for public gatherings and must be available to all organizations or persons desiring to use the property, but the owner may impose conditions and restrictions which are necessary for the safekeeping of the property and promote the purposes of this exemption. Membership shall not be a prerequisite for the use of the property.

(3) The use of the property for pecuniary gain or for business activities, except as provided in this section, nullifies the exemption otherwise available for the property for the assessment year. The exemption is not nullified by:

(a) The collection of rent or donations if all funds collected are used for capital improvements to the exempt property, maintenance and operation of the exempt property, or for exempt purposes.

(b) Fund-raising activities conducted by a nonprofit organization.

(c)(i) Except as provided in (c)(ii) of this subsection, the use of the property for pecuniary gain, for business activities for periods of not more than fifteen days each assessment year so long as all income received from rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or for exempt purposes.

(ii) The use of the property for pecuniary gain or for business activities if the property is used for activities related to a qualifying farmers market, as defined in RCW [66.24.170](#), for not more than fifty-three days each assessment year, and all income received from rental or use of the exempt property is used for capital improvements to the exempt property, maintenance and operation of the exempt property, or exempt purposes.

(d) In a county with a population of less than twenty thousand, the use of the property to promote the following business activities: Dance lessons, art classes, or music lessons.

(e) An inadvertent use of the property in a manner inconsistent with the purpose for which exemption is granted, if the inadvertent use is not part of a pattern of use. A pattern of use is presumed when an inadvertent use is repeated in the same assessment year or in two or more successive assessment years.

(4) The department of revenue must narrowly construe this exemption.

[[2010 c 186](#) § 1; [2006 c 305](#) § 3. Prior: [1998 c 311](#) § 19; [1998 c 189](#) § 1; [1997 c 298](#) § 1; [1993 c 327](#) § 1; 1987 c 505 § 80; 1981 c 141 § 2.]

Crop dusting

[82.42.020](#)

There is hereby levied, and there shall be collected by every distributor of aircraft fuel, an excise tax at the rate of eleven cents on each gallon of aircraft fuel sold, delivered, or used in this state: PROVIDED HOWEVER, That such aircraft fuel excise tax shall not apply to fuel for aircraft that both operate from a private, non-state-funded airfield during at least ninety-five percent of the aircraft's normal use and are used principally for the application of pesticides, herbicides, or other agricultural chemicals and shall not apply to fuel for emergency medical air transport entities: PROVIDED FURTHER, That there shall be collected from every consumer or user of aircraft fuel either the use tax imposed by RCW [82.12.020](#), as amended, or the retail sales tax imposed by RCW

[82.08.020](#), as amended, collection procedure to be as prescribed by law and/or rule or regulation of the department of revenue. The taxes imposed by this chapter shall be collected and paid to the state but once in respect to any aircraft fuel.

The tax required by this chapter, to be collected by the seller, is held in trust by the seller until paid to the department, and a seller who appropriates or converts the tax collected to his or her own use or to any use other than the payment of the tax to the extent that the money required to be collected is not available for payment on the due date as prescribed in this chapter is guilty of a felony, or gross misdemeanor in accordance with the theft and anticipatory provisions of Title 9A RCW. A person, partnership, corporation, or corporate officer who fails to collect the tax imposed by this section, or who has collected the tax and fails to pay it to the department in the manner prescribed by this chapter, is personally liable to the state for the amount of the tax.

[[2005 c 341](#) § 3; [2003 c 375](#) § 5; [1996 c 104](#) § 13; 1982 1st ex.s. c 25 § 2; 1969 ex.s. c 254 § 2; 1967 ex.s. c 10 § 2.]

International banking facilities

[82.04.315](#)

This chapter shall not apply to the gross receipts of an international banking facility.

As used in this section, an "international banking facility" means a facility represented by a set of asset and liability accounts segregated on the books and records of a commercial bank, the principal office of which is located in this state, and which is incorporated and doing business under the laws of the United States or of this state, a United States branch or agency of a foreign bank, an Edge corporation organized under Section 25(a) of the Federal Reserve Act, 12 United States Code 611-631, or an Agreement corporation having an agreement or undertaking with the Board of Governors of the Federal Reserve System under Section 25 of the Federal Reserve Act, 12 United States Code 601-604(a), that includes only international banking facility time deposits (as defined in subsection (a)(2) of Section 204.8 of Regulation D (12 C.F.R. Part 204), as promulgated by the Board of Governors of the Federal Reserve System), and international banking facility extensions of credit (as defined in subsection (a)(3) of Section 204.8 of Regulation D).

[1982 c 95 § 7.]

Grants for local government

[82.04.418](#)

The provisions of this chapter shall not apply to grants received from the state or the United States government by municipal corporations or political subdivisions of the state of Washington.

[1983 1st ex.s. c 66 § 2.]

Housing finance commission

[82.04.408](#)

This chapter does not apply to income received by the state housing finance commission under chapter 43.180 RCW.

[1983 c 161 § 25.]

Transportation of persons with special needs

82.36.285

A private, nonprofit transportation provider regulated under chapter 81.66 RCW shall receive a refund of the amount of the motor vehicle fuel tax paid on each gallon of motor vehicle fuel used to provide transportation services for persons with special transportation needs, whether the vehicle fuel tax has been paid either directly to the vendor from whom the motor vehicle fuel was purchased or indirectly by adding the amount of the tax to the price of the fuel.

[[1996 c 244](#) § 5; 1983 c 108 § 3.]

82.38.080(1)(h)

- (1) There is exempted from the tax imposed by this chapter, the use of fuel for:
- (a) Street and highway construction and maintenance purposes in motor vehicles owned and operated by the state of Washington, or any county or municipality;
 - (b) Publicly owned firefighting equipment;
 - (c) Special mobile equipment as defined in RCW [46.04.552](#);
 - (d) Power pumping units or other power take-off equipment of any motor vehicle which is accurately measured by metering devices that have been specifically approved by the department or which is established by any of the following formulae:
 - (i) Pumping propane, or fuel or heating oils or milk picked up from a farm or dairy farm storage tank by a power take-off unit on a delivery truck, at a rate determined by the department: PROVIDED, That claimant when presenting his or her claim to the department in accordance with this chapter, shall provide to the claim, invoices of propane, or fuel or heating oil delivered, or such other appropriate information as may be required by the department to substantiate his or her claim;
 - (ii) Operating a power take-off unit on a cement mixer truck or a load compactor on a garbage truck at the rate of twenty-five percent of the total gallons of fuel used in such a truck; or
 - (iii) The department is authorized to establish by rule additional formulae for determining fuel usage when operating other types of equipment by means of power take-off units when direct measurement of the fuel used is not feasible. The department is also authorized to adopt rules regarding the usage of on board computers for the production of records required by this chapter;
 - (e) Motor vehicles owned and operated by the United States government;
 - (f) Heating purposes;
 - (g) Moving a motor vehicle on a public highway between two pieces of private property when said moving is incidental to the primary use of the motor vehicle;
 - (h) Transportation services for persons with special transportation needs by a private, nonprofit transportation provider regulated under chapter 81.66 RCW;
 - (i) Vehicle refrigeration units, mixing units, or other equipment powered by separate motors from separate fuel tanks;

(j) The operation of a motor vehicle as a part of or incidental to logging operations upon a highway under federal jurisdiction within the boundaries of a federal area if the federal government requires a fee for the privilege of operating the motor vehicle upon the highway, the proceeds of which are reserved for constructing or maintaining roads in the federal area, or requires maintenance or construction work to be performed on the highway for the privilege of operating the motor vehicle on the highway; and

(k) Waste vegetable oil as defined under RCW [82.08.0205](#) if the oil is used to manufacture biodiesel.

(2) There is exempted from the tax imposed by this chapter the removal or entry of special fuel under the following circumstances and conditions:

(a) If it is the removal from a terminal or refinery of, or the entry or sale of, a special fuel if all of the following apply:

(i) The person otherwise liable for the tax is a licensee other than a dyed special fuel user or international fuel tax agreement licensee;

(ii) For a removal from a terminal, the terminal is a licensed terminal; and

(iii) The special fuel satisfies the dyeing and marking requirements of this chapter;

(b) If it is an entry or removal from a terminal or refinery of taxable special fuel transferred to a refinery or terminal and the persons involved, including the terminal operator, are licensed; and

(c)(i) If it is a special fuel that, under contract of sale, is shipped to a point outside this state by a supplier by means of any of the following:

(A) Facilities operated by the supplier;

(B) Delivery by the supplier to a carrier, customs broker, or forwarding agent, whether hired by the purchaser or not, for shipment to the out-of-state point;

(C) Delivery by the supplier to a vessel clearing from port of this state for a port outside this state and actually exported from this state in the vessel.

(ii) For purposes of this subsection (2)(c):

(A) "Carrier" means a person or firm engaged in the business of transporting for compensation property owned by other persons, and includes both common and contract carriers; and

(B) "Forwarding agent" means a person or firm engaged in the business of preparing property for shipment or arranging for its shipment.

(3)(a) Notwithstanding any provision of law to the contrary, every privately owned urban passenger transportation system and carriers as defined by chapters 81.68 and 81.70 RCW shall be exempt from the provisions of this chapter requiring the payment of special fuel taxes. For the purposes of this section "privately owned urban passenger transportation system" means every privately owned transportation system having as its principal source of revenue the income from transporting persons for compensation by means of motor vehicles or trackless trolleys, each having a seating capacity for over fifteen persons over prescribed routes in such a manner that the routes of such motor vehicles or trackless trolleys, either alone or in conjunction with routes of other such

motor vehicles or trackless trolleys subject to routing by the same transportation system, shall not extend for a distance exceeding twenty-five road miles beyond the corporate limits of the county in which the original starting points of such motor vehicles are located: PROVIDED, That no refunds or credits shall be granted on special fuel used by any privately owned urban transportation vehicle, or vehicle operated pursuant to chapters 81.68 and 81.70 RCW, on any trip where any portion of the trip is more than twenty-five road miles beyond the corporate limits of the county in which the trip originated.

(b) Every publicly owned and operated urban passenger transportation system is exempt from the provisions of this chapter that require the payment of special fuel taxes. For the purposes of this subsection, "publicly owned and operated urban passenger transportation systems" include public transportation benefit areas under chapter 36.57A RCW, metropolitan municipal corporations under chapter 36.56 RCW, city-owned transit systems under chapter 35.58 RCW, county public transportation authorities under chapter 36.57 RCW, unincorporated transportation benefit areas under chapter 36.57 RCW, and regional transit authorities under chapter 81.112 RCW.

[[2009 c 352](#) § 1; [2008 c 237](#) § 1; [1998 c 176](#) § 60; [1996 c 244](#) § 6; [1993 c 141](#) § 2; 1990 c 185 § 1; 1983 c 108 § 4; 1979 c 40 § 4; 1973 c 42 § 1. Prior: 1972 ex.s. c 138 § 2; 1972 ex.s. c 49 § 1; 1971 ex.s. c 175 § 9.]

Special fuel used outside of state

[82.08.0255\(2\)](#)

(1) The tax levied by RCW [82.08.020](#) shall not apply to sales of motor vehicle and special fuel if:

(a) The fuel is purchased for the purpose of public transportation and the purchaser is entitled to a refund or an exemption under RCW [82.36.275](#) or [82.38.080\(3\)](#); or

(b) The fuel is purchased by a private, nonprofit transportation provider certified under chapter 81.66 RCW and the purchaser is entitled to a refund or an exemption under RCW [82.36.285](#) or [82.38.080\(1\)\(h\)](#); or

(c) The fuel is purchased by a public transportation benefit area created under chapter 36.57A RCW or a county-owned ferry or county ferry district created under chapter 36.54 RCW for use in passenger-only ferry vessels; or

(d) The fuel is taxable under chapter 82.36 or 82.38 RCW.

(2) Any person who has paid the tax imposed by RCW [82.08.020](#) on the sale of special fuel delivered in this state shall be entitled to a credit or refund of such tax with respect to fuel subsequently established to have been actually transported and used outside this state by persons engaged in interstate commerce. The tax shall be claimed as a credit or refunded through the tax reports required under RCW [82.38.150](#).

[[2007 c 223](#) § 9; [2005 c 443](#) § 5; [1998 c 176](#) § 4. Prior: 1983 1st ex.s. c 35 § 2; 1983 c 108 § 1; 1980 c 147 § 1; 1980 c 37 § 23. Formerly RCW [82.08.030\(5\)](#).]

[82.12.0256\(1\)](#)

The provisions of this chapter shall not apply in respect to the use of:

(1) Special fuel purchased in this state upon which a refund is obtained as provided in RCW [82.38.180\(2\)](#); and

(2) Motor vehicle and special fuel if:

(a) The fuel is used for the purpose of public transportation and the purchaser is entitled to a refund or an exemption under RCW [82.36.275](#) or [82.38.080\(3\)](#); or

(b) The fuel is purchased by a private, nonprofit transportation provider certified under chapter 81.66 RCW and the purchaser is entitled to a refund or an exemption under RCW [82.36.285](#) or [82.38.080\(1\)\(h\)](#); or

(c) The fuel is purchased by a public transportation benefit area created under chapter 36.57A RCW or a county-owned ferry or county ferry district created under chapter 36.54 RCW for use in passenger-only ferry vessels; or

(d) The fuel is taxable under chapter 82.36 or 82.38 RCW: PROVIDED, That the use of motor vehicle and special fuel upon which a refund of the applicable fuel tax is obtained shall not be exempt under this subsection (2)(d), and the director of licensing shall deduct from the amount of such tax to be refunded the amount of tax due under this chapter and remit the same each month to the department of revenue.

[[2007 c 223](#) § 10; [2005 c 443](#) § 6; [1998 c 176](#) § 5. Prior: 1983 1st ex.s. c 35 § 3; 1983 c 108 § 2; 1980 c 147 § 2; 1980 c 37 § 56. Formerly RCW [82.12.030\(6\)](#).]

Fuel for transporting persons with special needs

[82.08.0255\(1\)\(b\)](#)

(1) The tax levied by RCW [82.08.020](#) shall not apply to sales of motor vehicle and special fuel if:

(a) The fuel is purchased for the purpose of public transportation and the purchaser is entitled to a refund or an exemption under RCW [82.36.275](#) or [82.38.080\(3\)](#); or

(b) The fuel is purchased by a private, nonprofit transportation provider certified under chapter 81.66 RCW and the purchaser is entitled to a refund or an exemption under RCW [82.36.285](#) or [82.38.080\(1\)\(h\)](#); or

(c) The fuel is purchased by a public transportation benefit area created under chapter 36.57A RCW or a county-owned ferry or county ferry district created under chapter 36.54 RCW for use in passenger-only ferry vessels; or

(d) The fuel is taxable under chapter 82.36 or 82.38 RCW.

(2) Any person who has paid the tax imposed by RCW [82.08.020](#) on the sale of special fuel delivered in this state shall be entitled to a credit or refund of such tax with respect to fuel subsequently established to have been actually transported and used outside this state by persons engaged in interstate commerce. The tax shall be claimed as a credit or refunded through the tax reports required under RCW [82.38.150](#).

[[2007 c 223](#) § 9; [2005 c 443](#) § 5; [1998 c 176](#) § 4. Prior: 1983 1st ex.s. c 35 § 2; 1983 c 108 § 1; 1980 c 147 § 1; 1980 c 37 § 23. Formerly RCW [82.08.030\(5\)](#).]

82.12.0256(2)(b)

The provisions of this chapter shall not apply in respect to the use of:

(1) Special fuel purchased in this state upon which a refund is obtained as provided in RCW [82.38.180\(2\)](#); and

(2) Motor vehicle and special fuel if:

(a) The fuel is used for the purpose of public transportation and the purchaser is entitled to a refund or an exemption under RCW [82.36.275](#) or [82.38.080\(3\)](#); or

(b) The fuel is purchased by a private, nonprofit transportation provider certified under chapter 81.66 RCW and the purchaser is entitled to a refund or an exemption under RCW [82.36.285](#) or [82.38.080\(1\)\(h\)](#); or

(c) The fuel is purchased by a public transportation benefit area created under chapter 36.57A RCW or a county-owned ferry or county ferry district created under chapter 36.54 RCW for use in passenger-only ferry vessels; or

(d) The fuel is taxable under chapter 82.36 or 82.38 RCW: PROVIDED, That the use of motor vehicle and special fuel upon which a refund of the applicable fuel tax is obtained shall not be exempt under this subsection (2)(d), and the director of licensing shall deduct from the amount of such tax to be refunded the amount of tax due under this chapter and remit the same each month to the department of revenue.

[[2007 c 223](#) § 10; [2005 c 443](#) § 6; [1998 c 176](#) § 5. Prior: 1983 1st ex.s. c 35 § 3; 1983 c 108 § 2; 1980 c 147 § 2; 1980 c 37 § 56. Formerly RCW [82.12.030\(6\)](#).]

Motion picture program contributions

82.04.4489

(1) Subject to the limitations in this section, a credit is allowed against the tax imposed under this chapter for contributions made by a person to a Washington motion picture competitiveness program.

(2) The person must make the contribution before claiming a credit authorized under this section. Credits earned under this section may be claimed against taxes due for the calendar year in which the contribution is made. The amount of credit claimed for a reporting period shall not exceed the tax otherwise due under this chapter for that reporting period. No person may claim more than one million dollars of credit in any calendar year, including credit carried over from a previous calendar year. No refunds may be granted for any unused credits.

(3) The maximum credit that may be earned for each calendar year under this section for a person is limited to the lesser of one million dollars or an amount equal to one hundred percent of the contributions made by the person to a program during the calendar year.

(4) Except as provided under subsection (5) of this section, a tax credit claimed under this section may not be carried over to another year.

(5) Any amount of tax credit otherwise allowable under this section not claimed by the person in any calendar year may be carried over and claimed against the person's tax liability for the next succeeding calendar year. Any credit remaining unused in the next succeeding calendar year may be carried forward and claimed against the person's tax liability for the second succeeding calendar year; and any credit not used in that second succeeding calendar year may be carried over and claimed against the person's tax liability for the third succeeding calendar year, but may not be carried over for any calendar year thereafter.

(6) Credits are available on a first in-time basis. The department shall disallow any credits, or portion thereof, that would cause the total amount of credits claimed under this section during any calendar year to exceed three million five hundred thousand dollars. If this limitation is reached, the department shall notify all Washington motion picture competitiveness programs that the annual statewide limit has been met. In addition, the department shall provide written notice to any person who has claimed tax credits in excess of the three million five hundred thousand dollar limitation in this subsection. The notice shall indicate the amount of tax due and shall provide that the tax be paid within thirty days from the date of such notice. The department shall not assess penalties and interest as provided in chapter 82.32 RCW on the amount due in the initial notice if the amount due is paid by the due date specified in the notice, or any extension thereof.

(7) To claim a credit under this section, a person must electronically file with the department all returns, forms, and any other information required by the department, in an electronic format as provided or approved by the department. Any return, form, or information required to be filed in an electronic format under this section is not filed until received by the department in an electronic format. As used in this subsection, "returns" has the same meaning as "return" in RCW [82.32.050](#).

(8) No application is necessary for the tax credit. The person must keep records necessary for the department to verify eligibility under this section.

(9) A Washington motion picture competitiveness program shall provide to the department, upon request, such information needed to verify eligibility for credit under this section, including information regarding contributions received by the program.

(10) The department shall not allow any credit under this section before July 1, 2006.

(11) For the purposes of this section, "Washington motion picture competitiveness program" or "program" means an organization established pursuant to chapter 43.365 RCW.

(12) No credit may be earned for contributions made on or after July 1, 2011.

[[2008 c 85](#) § 3; [2006 c 247](#) § 5.]

Honey beekeepers B&O tax exemptions

[82.04.629](#)

(1) This chapter does not apply to amounts derived from the wholesale sale of honey bee products by an eligible apiarist who owns or keeps bee colonies and who does not qualify for an exemption under RCW [82.04.330](#) in respect to such sales.

(2) The exemption provided in subsection (1) of this section does not apply to any person selling such products at retail or to any person selling manufactured substances or articles.

(3) The definitions in this subsection apply to this section.

(a) "Bee colony" means a natural group of honey bees containing seven thousand or more workers and one or more queens, housed in a man-made hive with movable frames, and operated as a beekeeping unit.

(b) "Eligible apiarist" means a person who owns or keeps one or more bee colonies and who grows, raises, or produces honey bee products for sale at wholesale and is registered under RCW [15.60.021](#).

(c) "Honey bee products" means queen honey bees, packaged honey bees, honey, pollen, bees wax, propolis, or other substances obtained from honey bees. "Honey bee products" does not include manufactured substances or articles.

[[2008 c 314](#) § 2.]

[82.04.630](#)

(1) This chapter does not apply to amounts received by an eligible apiarist, as defined in RCW [82.04.629](#), for providing bee pollination services to a farmer using a bee colony owned or kept by the person providing the pollination services.

(2) The definitions in RCW [82.04.213](#) apply to this section.

[[2008 c 314](#) § 3.]

Honey beekeepers sales/use tax exemptions

[82.08.0204](#)

The tax levied by RCW [82.08.020](#) does not apply to the sale of honey bees to an eligible apiarist, as defined in RCW [82.04.629](#). This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department.

[[2008 c 314](#) § 4.]

[82.12.0204](#)

The provisions of this chapter do not apply in respect to the use of honey bees by an eligible apiarist, as defined in RCW [82.04.629](#). This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department.

[[2008 c 314](#) § 5.]

Habitat for endangered species

[84.33.140\(13\)-\(14\)](#)

(1) When land has been designated as forest land under RCW [84.33.130](#), a notation of the designation shall be made each year upon the assessment and tax rolls. A copy of the notice of approval together with the legal description or assessor's parcel numbers for the land shall, at the expense of the applicant, be filed by the assessor in the same manner as deeds are recorded.

(2) In preparing the assessment roll as of January 1, 2002, for taxes payable in 2003 and each January 1st thereafter, the assessor shall list each parcel of designated forest land at a value with

respect to the grade and class provided in this subsection and adjusted as provided in subsection (3) of this section. The assessor shall compute the assessed value of the land using the same assessment ratio applied generally in computing the assessed value of other property in the county. Values for the several grades of bare forest land shall be as follows:

(3) On or before December 31, 2001, the department shall adjust by rule under chapter 34.05 RCW, the forest land values contained in subsection (2) of this section in accordance with this subsection, and shall certify the adjusted values to the assessor who will use these values in preparing the assessment roll as of January 1, 2002. For the adjustment to be made on or before December 31, 2001, for use in the 2002 assessment year, the department shall:

(a) Divide the aggregate value of all timber harvested within the state between July 1, 1996, and June 30, 2001, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW [84.33.074](#); and

(b) Divide the aggregate value of all timber harvested within the state between July 1, 1995, and June 30, 2000, by the aggregate harvest volume for the same period, as determined from the harvester excise tax returns filed with the department under RCW [84.33.074](#); and

(c) Adjust the forest land values contained in subsection (2) of this section by a percentage equal to one-half of the percentage change in the average values of harvested timber reflected by comparing the resultant values calculated under (a) and (b) of this subsection.

(4) For the adjustments to be made on or before December 31, 2002, and each succeeding year thereafter, the same procedure described in subsection (3) of this section shall be followed using harvester excise tax returns filed under RCW [84.33.074](#). However, this adjustment shall be made to the prior year's adjusted value, and the five-year periods for calculating average harvested timber values shall be successively one year more recent.

(5) Land graded, assessed, and valued as forest land shall continue to be so graded, assessed, and valued until removal of designation by the assessor upon the occurrence of any of the following:

(a) Receipt of notice from the owner to remove the designation;

(b) Sale or transfer to an ownership making the land exempt from ad valorem taxation;

(c) Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of forest land designation continuance, except transfer to an owner who is an heir or devisee of a deceased owner, shall not, by itself, result in removal of designation. The signed notice of continuance shall be attached to the real estate excise tax affidavit provided for in RCW [82.45.150](#). The notice of continuance shall be on a form prepared by the department. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all compensating taxes calculated under subsection (11) of this section shall become due and payable by the seller or transferor at time of sale. The auditor shall not accept an instrument of conveyance regarding designated forest land for filing or recording unless the new owner has signed the notice of continuance or the compensating tax has been paid, as evidenced by the real estate excise tax stamp affixed thereto by the treasurer. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (11) of this section to the county board of

equalization in accordance with the provisions of RCW [84.40.038](#). Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

(d) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that:

(i) The land is no longer primarily devoted to and used for growing and harvesting timber. However, land shall not be removed from designation if a governmental agency, organization, or other recipient identified in subsection (13) or (14) of this section as exempt from the payment of compensating tax has manifested its intent in writing or by other official action to acquire a property interest in the designated forest land by means of a transaction that qualifies for an exemption under subsection (13) or (14) of this section. The governmental agency, organization, or recipient shall annually provide the assessor of the county in which the land is located reasonable evidence in writing of the intent to acquire the designated land as long as the intent continues or within sixty days of a request by the assessor. The assessor may not request this evidence more than once in a calendar year;

(ii) The owner has failed to comply with a final administrative or judicial order with respect to a violation of the restocking, forest management, fire protection, insect and disease control, and forest debris provisions of Title 76 RCW or any applicable rules under Title 76 RCW; or

(iii) Restocking has not occurred to the extent or within the time specified in the application for designation of such land.

(6) Land shall not be removed from designation if there is a governmental restriction that prohibits, in whole or in part, the owner from harvesting timber from the owner's designated forest land. If only a portion of the parcel is impacted by governmental restrictions of this nature, the restrictions cannot be used as a basis to remove the remainder of the forest land from designation under this chapter. For the purposes of this section, "governmental restrictions" includes: (a) Any law, regulation, rule, ordinance, program, or other action adopted or taken by a federal, state, county, city, or other governmental entity; or (b) the land's zoning or its presence within an urban growth area designated under RCW [36.70A.110](#).

(7) The assessor shall have the option of requiring an owner of forest land to file a timber management plan with the assessor upon the occurrence of one of the following:

(a) An application for designation as forest land is submitted; or

(b) Designated forest land is sold or transferred and a notice of continuance, described in subsection (5)(c) of this section, is signed.

(8) If land is removed from designation because of any of the circumstances listed in subsection (5)(a) through (c) of this section, the removal shall apply only to the land affected. If land is removed from designation because of subsection (5)(d) of this section, the removal shall apply only to the actual area of land that is no longer primarily devoted to the growing and harvesting of timber, without regard to any other land that may have been included in the application and approved for designation, as long as the remaining designated forest land meets the definition of forest land contained in RCW [84.33.035](#).

(9) Within thirty days after the removal of designation as forest land, the assessor shall notify the owner in writing, setting forth the reasons for the removal. The seller, transferor, or owner may appeal the removal to the county board of equalization in accordance with the provisions of RCW [84.40.038](#).

(10) Unless the removal is reversed on appeal a copy of the notice of removal with a notation of the action, if any, upon appeal, together with the legal description or assessor's parcel numbers for the land removed from designation shall, at the expense of the applicant, be filed by the assessor in the same manner as deeds are recorded and a notation of removal from designation shall immediately be made upon the assessment and tax rolls. The assessor shall revalue the land to be removed with reference to its true and fair value as of January 1st of the year of removal from designation. Both the assessed value before and after the removal of designation shall be listed. Taxes based on the value of the land as forest land shall be assessed and payable up until the date of removal and taxes based on the true and fair value of the land shall be assessed and payable from the date of removal from designation.

(11) Except as provided in subsection (5)(c), (13), or (14) of this section, a compensating tax shall be imposed on land removed from designation as forest land. The compensating tax shall be due and payable to the treasurer thirty days after the owner is notified of the amount of this tax. As soon as possible after the land is removed from designation, the assessor shall compute the amount of compensating tax and mail a notice to the owner of the amount of compensating tax owed and the date on which payment of this tax is due. The amount of compensating tax shall be equal to the difference between the amount of tax last levied on the land as designated forest land and an amount equal to the new assessed value of the land multiplied by the dollar rate of the last levy extended against the land, multiplied by a number, in no event greater than nine, equal to the number of years for which the land was designated as forest land, plus compensating taxes on the land at forest land values up until the date of removal and the prorated taxes on the land at true and fair value from the date of removal to the end of the current tax year.

(12) Compensating tax, together with applicable interest thereon, shall become a lien on the land which shall attach at the time the land is removed from designation as forest land and shall have priority to and shall be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation, or responsibility to or with which the land may become charged or liable. The lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW [84.64.050](#). Any compensating tax unpaid on its due date shall thereupon become delinquent. From the date of delinquency until paid, interest shall be charged at the same rate applied by law to delinquent ad valorem property taxes.

(13) The compensating tax specified in subsection (11) of this section shall not be imposed if the removal of designation under subsection (5) of this section resulted solely from:

(a) Transfer to a government entity in exchange for other forest land located within the state of Washington;

(b) A taking through the exercise of the power of eminent domain, or sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power;

(c) A donation of fee title, development rights, or the right to harvest timber, to a government agency or organization qualified under RCW [84.34.210](#) and [64.04.130](#) for the purposes enumerated in those sections, or the sale or transfer of fee title to a governmental entity or a nonprofit nature conservancy corporation, as defined in RCW [64.04.130](#), exclusively for the protection and conservation of lands recommended for state natural area preserve purposes by the natural heritage council and natural heritage plan as defined in chapter 79.70 RCW or approved for state natural resources conservation area purposes as defined in chapter 79.71 RCW. At such time as the land is not used for the purposes enumerated, the compensating tax specified in subsection (11) of this section shall be imposed upon the current owner;

(d) The sale or transfer of fee title to the parks and recreation commission for park and recreation purposes;

(e) Official action by an agency of the state of Washington or by the county or city within which the land is located that disallows the present use of the land;

(f) The creation, sale, or transfer of forestry riparian easements under RCW [76.13.120](#);

(g) The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW [76.09.040](#);

(h) The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under this chapter, or classified under chapter 84.34 RCW continuously since 1993. The date of death shown on a death certificate is the date used for the purposes of this subsection (13)(h); or

(i)(i) The discovery that the land was designated under this chapter in error through no fault of the owner. For purposes of this subsection (13)(i), "fault" means a knowingly false or misleading statement, or other act or omission not in good faith, that contributed to the approval of designation under this chapter or the failure of the assessor to remove the land from designation under this chapter.

(ii) For purposes of this subsection (13), the discovery that land was designated under this chapter in error through no fault of the owner is not the sole reason for removal of designation under subsection (5) of this section if an independent basis for removal exists. An example of an independent basis for removal includes the land no longer being devoted to and used for growing and harvesting timber.

(14) In a county with a population of more than six hundred thousand inhabitants, the compensating tax specified in subsection (11) of this section shall not be imposed if the removal of designation as forest land under subsection (5) of this section resulted solely from:

(a) An action described in subsection (13) of this section; or

(b) A transfer of a property interest to a government entity, or to a nonprofit historic preservation corporation or nonprofit nature conservancy corporation, as defined in RCW [64.04.130](#), to protect or enhance public resources, or to preserve, maintain, improve, restore, limit the future use of, or otherwise to conserve for public use or enjoyment, the property interest being transferred. At such

time as the property interest is not used for the purposes enumerated, the compensating tax shall be imposed upon the current owner.

[[2009 c 354](#) § 2; [2009 c 255](#) § 3; [2009 c 246](#) § 2; [2007 c 54](#) § 24; [2005 c 303](#) § 13; [2003 c 170](#) § 5. Prior: [2001 c 305](#) § 2; [2001 c 249](#) § 3; [2001 c 185](#) § 5; [1999 sp.s. c 4](#) § 703; [1999 c 233](#) § 21; [1997 c 299](#) § 2; [1995 c 330](#) § 2; [1992 c 69](#) § 2; 1986 c 238 § 2; 1981 c 148 § 9; 1980 c 134 § 3; 1974 ex.s. c 187 § 7; 1973 1st ex.s. c 195 § 93; 1972 ex.s. c 148 § 6; 1971 ex.s. c 294 § 14.]

[84.34.108\(6\)](#)

(1) When land has once been classified under this chapter, a notation of the classification shall be made each year upon the assessment and tax rolls and the land shall be valued pursuant to RCW [84.34.060](#) or [84.34.065](#) until removal of all or a portion of the classification by the assessor upon occurrence of any of the following:

(a) Receipt of notice from the owner to remove all or a portion of the classification;

(b) Sale or transfer to an ownership, except a transfer that resulted from a default in loan payments made to or secured by a governmental agency that intends to or is required by law or regulation to resell the property for the same use as before, making all or a portion of the land exempt from ad valorem taxation;

(c) Sale or transfer of all or a portion of the land to a new owner, unless the new owner has signed a notice of classification continuance, except transfer to an owner who is an heir or devisee of a deceased owner shall not, by itself, result in removal of classification. The notice of continuance shall be on a form prepared by the department. If the notice of continuance is not signed by the new owner and attached to the real estate excise tax affidavit, all additional taxes calculated pursuant to subsection (4) of this section shall become due and payable by the seller or transferor at time of sale. The auditor shall not accept an instrument of conveyance regarding classified land for filing or recording unless the new owner has signed the notice of continuance or the additional tax has been paid, as evidenced by the real estate excise tax stamp affixed thereto by the treasurer. The seller, transferor, or new owner may appeal the new assessed valuation calculated under subsection (4) of this section to the county board of equalization in accordance with the provisions of RCW [84.40.038](#). Jurisdiction is hereby conferred on the county board of equalization to hear these appeals;

(d) Determination by the assessor, after giving the owner written notice and an opportunity to be heard, that all or a portion of the land no longer meets the criteria for classification under this chapter. The criteria for classification pursuant to this chapter continue to apply after classification has been granted.

The granting authority, upon request of an assessor, shall provide reasonable assistance to the assessor in making a determination whether the land continues to meet the qualifications of RCW [84.34.020](#) (1) or (3). The assistance shall be provided within thirty days of receipt of the request.

(2) Land may not be removed from classification because of:

(a) The creation, sale, or transfer of forestry riparian easements under RCW [76.13.120](#); or

(b) The creation, sale, or transfer of a fee interest or a conservation easement for the riparian open space program under RCW [76.09.040](#).

(3) Within thirty days after the removal of all or a portion of the land from current use classification under subsection (1) of this section, the assessor shall notify the owner in writing, setting forth the reasons for the removal. The seller, transferor, or owner may appeal the removal to the county board of equalization in accordance with the provisions of RCW [84.40.038](#). The removal notice must explain the steps needed to appeal the removal decision, including when a notice of appeal must be filed, where the forms may be obtained, and how to contact the county board of equalization.

(4) Unless the removal is reversed on appeal, the assessor shall revalue the affected land with reference to its true and fair value on January 1st of the year of removal from classification. Both the assessed valuation before and after the removal of classification shall be listed and taxes shall be allocated according to that part of the year to which each assessed valuation applies. Except as provided in subsection (6) of this section, an additional tax, applicable interest, and penalty shall be imposed which shall be due and payable to the treasurer thirty days after the owner is notified of the amount of the additional tax. As soon as possible, the assessor shall compute the amount of additional tax, applicable interest, and penalty and the treasurer shall mail notice to the owner of the amount thereof and the date on which payment is due. The amount of the additional tax, applicable interest, and penalty shall be determined as follows:

(a) The amount of additional tax shall be equal to the difference between the property tax paid as "open space land," "farm and agricultural land," or "timber land" and the amount of property tax otherwise due and payable for the seven years last past had the land not been so classified;

(b) The amount of applicable interest shall be equal to the interest upon the amounts of the additional tax paid at the same statutory rate charged on delinquent property taxes from the dates on which the additional tax could have been paid without penalty if the land had been assessed at a value without regard to this chapter;

(c) The amount of the penalty shall be as provided in RCW [84.34.080](#). The penalty shall not be imposed if the removal satisfies the conditions of RCW [84.34.070](#).

(5) Additional tax, applicable interest, and penalty, shall become a lien on the land which shall attach at the time the land is removed from classification under this chapter and shall have priority to and shall be fully paid and satisfied before any recognizance, mortgage, judgment, debt, obligation or responsibility to or with which the land may become charged or liable. This lien may be foreclosed upon expiration of the same period after delinquency and in the same manner provided by law for foreclosure of liens for delinquent real property taxes as provided in RCW [84.64.050](#). Any additional tax unpaid on its due date shall thereupon become delinquent. From the date of delinquency until paid, interest shall be charged at the same rate applied by law to delinquent ad valorem property taxes.

(6) The additional tax, applicable interest, and penalty specified in subsection (4) of this section shall not be imposed if the removal of classification pursuant to subsection (1) of this section resulted solely from:

(a) Transfer to a government entity in exchange for other land located within the state of Washington;

(b)(i) A taking through the exercise of the power of eminent domain, or (ii) sale or transfer to an entity having the power of eminent domain in anticipation of the exercise of such power, said entity having manifested its intent in writing or by other official action;

(c) A natural disaster such as a flood, windstorm, earthquake, or other such calamity rather than by virtue of the act of the landowner changing the use of the property;

(d) Official action by an agency of the state of Washington or by the county or city within which the land is located which disallows the present use of the land;

(e) Transfer of land to a church when the land would qualify for exemption pursuant to RCW [84.36.020](#);

(f) Acquisition of property interests by state agencies or agencies or organizations qualified under RCW [84.34.210](#) and [64.04.130](#) for the purposes enumerated in those sections. At such time as these property interests are not used for the purposes enumerated in RCW [84.34.210](#) and [64.04.130](#) the additional tax specified in subsection (4) of this section shall be imposed;

(g) Removal of land classified as farm and agricultural land under RCW [84.34.020\(2\)\(f\)](#);

(h) Removal of land from classification after enactment of a statutory exemption that qualifies the land for exemption and receipt of notice from the owner to remove the land from classification;

(i) The creation, sale, or transfer of forestry riparian easements under RCW [76.13.120](#);

(j) The creation, sale, or transfer of a conservation easement of private forest lands within unconfined channel migration zones or containing critical habitat for threatened or endangered species under RCW [76.09.040](#);

(k) The sale or transfer of land within two years after the death of the owner of at least a fifty percent interest in the land if the land has been assessed and valued as classified forest land, designated as forest land under chapter 84.33 RCW, or classified under this chapter continuously since 1993. The date of death shown on a death certificate is the date used for the purposes of this subsection (6)(k); or

(l)(i) The discovery that the land was classified under this chapter in error through no fault of the owner. For purposes of this subsection (6)(l), "fault" means a knowingly false or misleading statement, or other act or omission not in good faith, that contributed to the approval of classification under this chapter or the failure of the assessor to remove the land from classification under this chapter.

(ii) For purposes of this subsection (6), the discovery that land was classified under this chapter in error through no fault of the owner is not the sole reason for removal of classification pursuant to subsection (1) of this section if an independent basis for removal exists. Examples of an independent basis for removal include the owner changing the use of the land or failing to meet any applicable income criteria required for classification under this chapter.

[[2009 c 513](#) § 2; [2009 c 354](#) § 3; [2009 c 255](#) § 2; [2009 c 246](#) § 3; [2007 c 54](#) § 25; [2003 c 170](#) § 6. Prior: [2001 c 305](#) § 3; [2001 c 249](#) § 14; [2001 c 185](#) § 7; prior: [1999 sp.s. c 4](#) § 706; [1999 c 233](#) § 22; [1999 c 139](#) § 2; [1992 c 69](#) § 12; 1989 c 378 § 35; 1985 c 319 § 1; 1983 c 41 § 1; 1980 c 134 § 5; 1973 1st ex.s. c 212 § 12.]

Log transportation preferential public utility tax rate

82.16.020

(1) There is levied and there shall be collected from every person a tax for the act or privilege of engaging within this state in any one or more of the businesses herein mentioned. The tax shall be equal to the gross income of the business, multiplied by the rate set out after the business, as follows:

- (a) Express, sewerage collection, and telegraph businesses: Three and six-tenths percent;
- (b) Light and power business: Three and sixty-two one-hundredths percent;
- (c) Gas distribution business: Three and six-tenths percent;
- (d) Urban transportation business: Six-tenths of one percent;
- (e) Vessels under sixty-five feet in length, except tugboats, operating upon the waters within the state: Six-tenths of one percent;
- (f) Motor transportation, railroad, railroad car, and tugboat businesses, and all public service businesses other than ones mentioned above: One and eight-tenths of one percent;
- (g) Water distribution business: Four and seven-tenths percent;
- (h) Log transportation business: One and twenty-eight one-hundredths percent.

(2) An additional tax is imposed equal to the rate specified in RCW [82.02.030](#) multiplied by the tax payable under subsection (1) of this section.

(3) Twenty percent of the moneys collected under subsection (1) of this section on water distribution businesses and sixty percent of the moneys collected under subsection (1) of this section on sewerage collection businesses shall be deposited in the public works assistance account created in RCW [43.155.050](#).

[[2009 c 469](#) § 702; [1996 c 150](#) § 2; 1989 c 302 § 204; 1986 c 282 § 14; 1985 c 471 § 10; 1983 2nd ex.s. c 3 § 13; 1982 2nd ex.s. c 5 § 1; 1982 1st ex.s. c 35 § 5; 1971 ex.s. c 299 § 12; 1967 ex.s. c 149 § 24; 1965 ex.s. c 173 § 21; 1961 c 293 § 13; 1961 c 15 § [82.16.020](#) . Prior: 1959 ex.s. c 3 § 16; 1939 c 225 § 19; 1935 c 180 § 36; RRS § 8370-36.]

Sales of forest derived biomass to produce electricity

82.08.957

(1) The tax levied by RCW [82.08.020](#) does not apply to sales of forest derived biomass used to produce electricity, steam, heat, or biofuel. This exemption is available only if the buyer provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(2) For purposes of this section, "biofuel" is defined in RCW [43.325.010](#).

(3) This section expires June 30, 2013.

[[2009 c 469](#) § 402.]

82.12.957

(1) The provisions of this chapter do not apply with respect to the use of forest derived biomass for production of electricity, steam, heat, or biofuel.

(2) For purposes of this section, "biofuel" is defined in RCW [43.325.010](#).

(3) This section expires June 30, 2013.

[[2009 c 469](#) § 403.]

Machinery and equipment used to generate solar energy

82.08.963

(1) The tax levied by RCW [82.08.020](#) does not apply to sales of machinery and equipment used directly in generating electricity using solar energy, or to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment, but only if the purchaser develops with such machinery, equipment, and labor a facility capable of generating not more than ten kilowatts of electricity and provides the seller with an exemption certificate in a form and manner prescribed by the department. The seller must retain a copy of the certificate for the seller's files.

(2) For purposes of this section and RCW [82.12.963](#):

(a) "Machinery and equipment" means industrial fixtures, devices, and support facilities that are integral and necessary to the generation of electricity using solar energy;

(b) "Machinery and equipment" does not include: (i) Hand-powered tools; (ii) property with a useful life of less than one year; (iii) repair parts required to restore machinery and equipment to normal working order; (iv) replacement parts that do not increase productivity, improve efficiency, or extend the useful life of machinery and equipment; (v) buildings; or (vi) building fixtures that are not integral and necessary to the generation of electricity that are permanently affixed to and become a physical part of a building; and

(c) Machinery and equipment is "used directly" in generating electricity with solar energy if it provides any part of the process that captures the energy of the sun, converts that energy to electricity, and stores, transforms, or transmits that electricity for entry into or operation in parallel with electric transmission and distribution systems.

(3) This section expires June 30, 2013.

[[2009 c 469](#) § 103.]

82.12.963

(1) The provisions of this chapter do not apply with respect to machinery and equipment used directly in generating not more than ten kilowatts of electricity using solar energy, or to the use of labor and services rendered in respect to installing such machinery and equipment.

(2) The definitions in RCW [82.08.963](#) apply to this section.

(3) This section expires June 30, 2013.

[[2009 c 469](#) § 104.]

CERTIFICATION OF ENROLLMENT

SENATE BILL 5044

62nd Legislature
2011 Regular Session

Passed by the Senate April 21, 2011
YEAS 31 NAYS 17

President of the Senate

Passed by the House April 12, 2011
YEAS 56 NAYS 41

Speaker of the House of Representatives

Approved

Governor of the State of Washington

CERTIFICATE

I, Thomas Hoemann, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5044** as passed by the Senate and the House of Representatives on the dates hereon set forth.

Secretary

FILED

**Secretary of State
State of Washington**

SENATE BILL 5044

AS AMENDED BY THE HOUSE

Passed Legislature - 2011 Regular Session

State of Washington 62nd Legislature 2011 Regular Session

By Senators Rockefeller, Zarelli, and Regala

Read first time 01/12/11. Referred to Committee on Ways & Means.

1 AN ACT Relating to the tax preference review process; and amending
2 RCW 43.136.011, 43.136.045 and 43.136.055.

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

4 **Sec. 1.** RCW 43.136.011 and 2006 c 197 s 1 are each amended to read
5 as follows:

6 The legislature recognizes that tax preferences are enacted to meet
7 objectives which are determined to be in the public interest. However,
8 some tax preferences may not be efficient or equitable tools for the
9 achievement of current public policy objectives. Given the changing
10 nature of the economy and tax structures of other states, the
11 legislature finds that periodic performance audits of tax preferences
12 are needed to determine if their continued existence will serve the
13 public interest. The legislature further finds that tax preferences
14 that are enacted for economic development purposes must demonstrate
15 growth in full-time family wage jobs with health and retirement
16 benefits. Given that an opportunity cost exists with each economic
17 choice, it is the intent of the legislature that the overall impact of
18 economic development-focused tax preferences benefit the state's
19 economy.

1 **Sec. 2.** RCW 43.136.045 and 2006 c 197 s 4 are each amended to read
2 as follows:

3 (1) The citizen commission for performance measurement of tax
4 preferences (~~((shall))~~) must develop a schedule to accomplish an orderly
5 review of tax preferences at least once every ten years. (~~((The~~
6 ~~commission shall schedule tax preferences for review in))~~) In
7 determining the schedule, the commission must consider the order the
8 tax preferences were enacted into law, (~~((except that))~~) in addition to
9 other factors including but not limited to grouping preferences for
10 review by type of industry, economic sector, or policy area. The
11 commission may elect to include, anywhere in the schedule, a tax
12 preference that has a statutory expiration date. The commission
13 (~~((shall))~~) must omit from the schedule tax preferences that are required
14 by constitutional law, sales and use tax exemptions for machinery and
15 equipment for manufacturing, research and development, or testing, the
16 small business credit for the business and occupation tax, sales and
17 use tax exemptions for food and prescription drugs, property tax relief
18 for retired persons, and property tax valuations based on current use,
19 and may omit any tax preference that the commission determines is a
20 critical part of the structure of the tax system. As an alternative to
21 the process under RCW 43.136.055, the commission may recommend to the
22 joint legislative audit and review committee an expedited review
23 process for any tax preference (~~((that has an estimated biennial fiscal~~
24 ~~impact of ten million dollars or less))~~).

25 (2) The commission (~~((shall))~~) must revise the schedule as needed
26 each year, taking into account newly enacted or terminated tax
27 preferences. The commission (~~((shall))~~) must deliver the schedule to the
28 joint legislative audit and review committee by September 1st of each
29 year.

30 (3) The commission (~~((shall))~~) must provide a process for effective
31 citizen input during its deliberations.

32 **Sec. 3.** RCW 43.136.055 and 2006 c 197 s 5 are each amended to read
33 as follows:

34 (1) The joint legislative audit and review committee (~~((shall))~~) must
35 review tax preferences according to the schedule developed under RCW
36 43.136.045. The committee (~~((shall))~~) must consider, but not be limited

1 to, the following factors in the review as relevant to each particular
2 tax preference:

3 (a) The classes of individuals, types of organizations, or types of
4 industries whose state tax liabilities are directly affected by the tax
5 preference;

6 (b) Public policy objectives that might provide a justification for
7 the tax preference, including but not limited to the legislative
8 history, any legislative intent, or the extent to which the tax
9 preference encourages business growth or relocation into this state,
10 promotes growth or retention of high wage jobs, or helps stabilize
11 communities;

12 (c) Evidence that the existence of the tax preference has
13 contributed to the achievement of any of the public policy objectives;

14 (d) The extent to which continuation of the tax preference might
15 contribute to any of the public policy objectives;

16 (e) The extent to which the tax preference may provide unintended
17 benefits to an individual, organization, or industry other than those
18 the legislature intended;

19 (f) The extent to which terminating the tax preference may have
20 negative effects on the category of taxpayers that currently benefit
21 from the tax preference, and the extent to which resulting higher taxes
22 may have negative effects on employment and the economy;

23 (g) The feasibility of modifying the tax preference to provide for
24 adjustment or recapture of the tax benefits of the tax preference if
25 the objectives are not fulfilled;

26 (h) Fiscal impacts of the tax preference, including past impacts
27 and expected future impacts if it is continued. For the purposes of
28 this subsection, "fiscal impact" includes an analysis of the general
29 effects of the tax preference on the overall state economy, including,
30 but not limited to, the effects of the tax preference on the
31 consumption and expenditures of persons and businesses within the
32 state;

33 (i) The extent to which termination of the tax preference would
34 affect the distribution of liability for payment of state taxes;

35 (j) The economic impact of the tax preference compared to the
36 economic impact of government activities funded by the tax for which
37 the tax preference is taken at the same level of expenditure as the tax

1 preference. For purposes of this subsection the economic impact shall
2 be determined using the Washington input-output model as published by
3 the office of financial management;

4 (k) Consideration of similar tax preferences adopted in other
5 states, and potential public policy benefits that might be gained by
6 incorporating corresponding provisions in Washington.

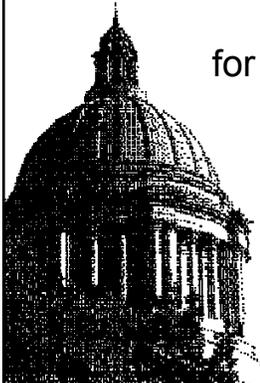
7 (2) For each tax preference, the committee (~~shall~~) must provide
8 a recommendation as to whether the tax preference should be continued
9 without modification, modified, scheduled for sunset review at a future
10 date, or terminated immediately. The committee may recommend
11 accountability standards for the future review of a tax preference.

--- END ---



SB 5044 – Changes to the Tax Preference Review Process

Citizen Commission
for Performance Measurement of
Tax Preferences



May 20, 2011
JLARC Staff



SB 5044 enacts Task Force recommendation to add flexibility

For the 2012 schedule and beyond, the new law gives more flexibility to:

- 1) Select preferences to be reviewed
(Commission responsibility)
- 2) Schedule tax preferences by groups
(Commission responsibility)
- 3) Select questions to answer (JLARC staff
responsibility)

Citizen Commission for Tax Preference Review May 20, 2011 2

Scheduling preferences for review no longer depends on fiscal impact



- The Commission is no longer required to schedule a full review for preferences over \$10 million
- Instead, the Commission has the option to review or not to review a preference without regard to biennial impact
- Current staff capacity is 22 reviews per year

Now permissible to schedule by groups



- The Commission is no longer required to schedule reviews in order of enactment date alone
- Instead, the Commission has flexibility such as scheduling preferences for review by:
 - Industry (e.g., aluminum industry)
 - Economic sector (e.g., financial sector)
 - Policy area (e.g., base defining)

No distinction between full and expedited review questions



- Full, expedited, ex. light categories removed
- If Commission decides **to review**, JLARC will now answer relevant questions only
- If Commission decides **not to review**, JLARC will provide DOR Exemption Study “blurbs”

2007 - 2011	2012 and beyond
Full: 10 questions	Review: Answer relevant questions
Expedited: 4 questions	No Review: DOR blurbs
Exp. Light: DOR blurbs	

New question for economic development incentives



- SB 5044 states that economic development incentives must:
 - Demonstrate growth in full-time family wage jobs with health and retirement benefits
 - Benefit the state’s overall economy
- For economic development incentives, JLARC **may consider** impact analysis:
 - Using OFM’s WA input/output model
 - Comparing to reduced government spending

Your packet



- Proposed list of 59 tax preferences scheduled for 2012 (sorted by fiscal impact)
 - Based on staff suggestion to group medical and agriculture sectors for later review
- Preview of 59 preferences scheduled for 2012 using DOR Exemption Study “blurbs”
- SB 5044

Staff ideas for grouping tax preferences for 2013 and beyond



- Preferences may be grouped by industry, economic sector, or policy area
- Some staff ideas:
 - Industries with multiple preferences
 - Economic development incentives requiring OFM’s I/O model
 - Base-defining tax preferences

Next steps for developing 2012 schedule



- Today – Consider 2012 proposed schedule
- May 31 – Commission is asked to:
 - Submit request for more information from DOR
 - Propose revisions to the 2012 proposed schedule
- Aug 19 – Opportunity to ask questions of DOR
- Sep 23 – Approve 10-year review schedule

More on Commission assignment for May 31st



- JLARC can only review 22 preferences (see proposed schedule)
- If a Commissioner wants to move a preference to the “review list” from proposed schedule, suggest a preference to remove
- If a Commissioner requires additional information from DOR, submit request to JLARC

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State of Washington
Joint Legislative Audit & Review Committee (JLARC)

2012 Tax Preferences Preview

May 20, 2011

This document contains information taken from the Department of Revenue (DOR) 2008 Tax Exemption Report on the 59 tax preferences scheduled for 2012. This document is intended to assist the Commission in selecting 22 of these preferences for JLARC review. JLARC has not evaluated any of these preferences.

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FUEL USE EXEMPTIONS (FUEL)

Current statute: RCW [82.38.080](#)

Department of Revenue 2008 Tax Exemption Report (p.282):

Description: This statute provides a number of exemptions from special fuel tax (propane, natural gas, etc.). These exemptions include fuel used: (1) for heating purposes; (2) certain governmental vehicles – fire trucks, federal government vehicles, state and local vehicles used for street and highway construction and maintenance; (3) urban transportation systems; (4) power take-off units (pumping units on trucks); and (5) others. Some of these have been included with related motor vehicle fuel tax exemptions above.

Purpose: To recognize that some fuels suitable for propelling motor vehicles are also put to other uses and to support governmental entities and public transportation.

Category/Year Enacted: Other. 1971

Primary Beneficiaries: Governmental units; purchasers of heating oil; operators of powered equipment.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$674,918	\$742,230	\$786,169	\$817,252
Local taxes - no local tax levied				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Generally, no.

BUSINESS INVENTORIES (PROPERTY)

Current statutes: RCW [84.36.477](#); [84.36.510](#)

Department of Revenue 2008 Tax Exemption Report (p.45):

Description: Business inventories, including most products held for sale, are exempt from property tax.

Purpose: To provide a stimulant to the economy and help to make Washington competitive with neighboring states that eliminated personal property taxes on business inventories. (It should be noted that the state B&O tax applies to inventories each time they are sold at the wholesale or retail level.)

Category/Year Enacted: Other business. 1974, effective for taxes due in 1984, following a ten year period during which an increasing percentage of the personal property tax paid on inventories was allowed as a credit against the state B&O tax.

Primary Beneficiaries: Manufacturers, wholesalers and retailers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 83,000	\$ 87,000	\$ 92,000	\$ 95,000
Local levies	\$320,000	\$341,000	\$366,000	\$385,000

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

HIGH TECHNOLOGY DEFERRAL (SALES & USE)

Current statute: RCW [82.63.010](#); [82.63.030](#)

Department of Revenue 2008 Tax Exemption Report (p.270):

Description: Deferral of state and local retail sales/use tax is allowed for the construction of buildings and acquisition of machinery and equipment for projects involving research and development or pilot scale manufacturing. To qualify, the firm must be engaged in one of five areas related to high technology: advanced computing, advanced materials, biotechnology, electronic device technology, or environmental technology. Originally the sales/use tax liability was deferred for three years, followed by a five year graduated repayment. Since 1995 the repayment requirement has been waived (provided program requirements are maintained), thereby making the program an outright exemption. The statute is currently scheduled to expire on July 1, 2015.

Purpose: To stimulate the creation of high wage jobs in high technology industries and ultimately to encourage the expansion of manufacturing in Washington.

Category/Year Enacted: Business incentive. 1994 (expiration date extended in 2004).

Primary Beneficiaries: As of September 2007, approximately 560 firms had participated in the program.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 50,459	\$ 52,465	\$ 54,468	\$ 56,763
Local taxes	\$ 15,642	\$ 16,264	\$ 16,885	\$ 17,596

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

ANNUITIES (INSURANCE PREMIUM)

Current statute: RCW [48.14.020\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.170):

Description: Amounts received by insurance companies for granting annuities are exempt from insurance premiums tax.

Purpose: To reduce the cost of annuities.

Category/Year Enacted: Tax base. 1979.

Primary Beneficiaries: Insurance companies that sell annuities and the individuals who purchase them.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 64,125	\$ 64,446	\$ 64,768	\$ 65,092
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely; annuities are somewhat different than an insurance policy.

NATURAL AND MANUFACTURED GAS (SALES & USE)

Current statutes: RCW [82.08.026](#); [82.12.023](#); [82.14.030\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.205):

Description: Natural and manufactured gas delivered through a pipeline, which is subject to the use tax on brokered gas pursuant to RCW [82.12.022](#), is exempt from retail sales/use tax.

Purpose: Washington firms that distribute natural gas are subject to public utility tax. Large industrial customers may purchase gas directly from out-of-state suppliers through brokers that is not subject to public utility tax. In 1989 a new "use" tax was levied on such purchases, equivalent to the public utility tax. This exemption assures that these purchases are subject to the special use tax, rather than sales tax.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Large industrial users of natural or manufactured gas.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 25,930	\$ 28,853	\$ 32,106	\$ 35,725
Local taxes*	\$(35,287)	\$(39,265)	\$(43,691)	\$(48,617)

*Includes local use tax at the maximum 6% rate. The overall local impact would be a gain in revenue (reduced taxpayer savings) resulting from shifting from local utility use tax to regular local sales tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

HIGH TECHNOLOGY R&D (B&O)

Current statute: RCW [82.04.4452](#)

Department of Revenue 2008 Tax Exemption Report (p.145):

Description: A B&O tax credit is provided for qualified expenditures on research and development (R&D) by certain firms. Eligible firms must be engaged in one of five fields of high technology: advanced computing, advanced materials, biotechnology, electronic device technology or environment technology. The credit is allowed for eligible spending on R&D activities that exceeds 0.92 percent of the firm's taxable income. The credit is calculated based on the average tax rate of the firm (1.5 percent starting in 2011) and is capped at \$2 million per year for each participating firm. The B&O tax credit for R&D expenditures is currently scheduled to expire on January 1, 2015.

Purpose: To stimulate the creation of high wage jobs in high technology industries and encourage firms to proceed from the R&D phase to actual manufacturing of new products.

Category/Year Enacted: Business incentive. 1994; credit amounts revised in 1998 and the calculation procedure was revised in 2004 and 2005.

Primary Beneficiaries: Approximately 1,700 firms have utilized the credit since its inception.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 24,383	\$ 27,243	\$ 29,765	\$ 31,463
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

CHARTER AND FREIGHT BROKERS (B&O)

Current statute: RCW [82.04.260\(6\)](#)

Department of Revenue 2008 Tax Exemption Report (p.134):

Description: A preferential B&O tax rate of 0.275 percent is provided for the international activities of charter and freight brokers. This rate was reduced to 0.363 percent in 1979 and again in 1998 to 0.275 percent as part of a B&O tax rate consolidation for tax simplification purposes. The general tax rate for service activities is 1.5 percent.

Purpose: To encourage international trade through Washington.

Category/Year Enacted: Business incentive. 1979 and 1998

Primary Beneficiaries: Approximately 520 firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 19,889	\$ 21,730	\$ 23,689	\$ 25,774
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SUBSIDIZED HOUSING (LEASEHOLD EXCISE)

Current statute: RCW [82.29A.130\(3\)](#)

Department of Revenue 2008 Tax Exemption Report (p.56):

Description: Excluded from leasehold excise tax are leases of subsidized housing where fee ownership is vested in the U.S. government, the state, or any political subdivision. There must be an income qualification for such housing in order for the exemption to apply.

Purpose: To support public housing for low-income individuals.

Category/Year Enacted: Government. 1976

Primary Beneficiaries: Public housing authorities and the individuals who reside in subsidized housing.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 11,306	\$ 11,730	\$ 12,170	\$ 12,627
Local taxes	\$ 9,917	\$ 10,289	\$ 10,675	\$ 11,076

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

INSURANCE AGENTS (B&O)

Current statute: RCW [82.04.260\(9\)](#)

Department of Revenue 2008 Tax Exemption Report (p.135):

Description: A preferential B&O tax rate of 0.484 percent is provided for revenue derived in the form of commissions by insurance agents and brokers. Previously, this activity was subject to the B&O service classification at a rate of 1.5 percent. It was reduced to 1.1 percent in 1983 and to 0.55 percent in 1995. In 1998 the rate was reduced to the current level as part of a B&O tax rate consolidation.

Purpose: To reflect the perception that insurance companies could not pass on the increased taxes to their current policy holders when the B&O service rate was increased in 1983.

Category/Year Enacted: Other business. 1983; further reduced in 1995 and 1998.

Primary Beneficiaries: Approximately 4,800 taxpayers benefit from this tax rate reduction.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 19,775	\$ 20,863	\$ 22,011	\$ 23,221
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

STEVEDORING (B&O)

Current statute: RCW [82.04.260\(7\)](#)

Department of Revenue 2008 Tax Exemption Report (p.135):

Description: A preferential B&O tax rate of 0.275 percent is provided for revenue derived from stevedoring and similar cargo handling activities. Previously, this activity was subject to public utility tax at a rate of 1.926 percent. It was moved to the B&O tax at a rate of 0.363 percent and the rate was further reduced to 0.275 in 1998 percent as part of a B&O tax rate consolidation for tax simplification purposes. The general B&O tax rate for service activities is 1.5 percent.

Purpose: To encourage international trade through Washington.

Category/Year Enacted: Business incentive. 1979 and 1998

Primary Beneficiaries: Approximately 24 firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 9,352	\$ 9,679	\$ 10,018	\$ 10,369
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FERRY BOATS (SALES & USE)

Current statutes: RCW [82.08.0285](#); [82.12.0279](#)

Department of Revenue 2008 Tax Exemption Report (p.232):

Description: Construction and repair of ferry boats for the state of Washington or local governments are exempt from retail sales/use tax.

Purpose: To support state and local governments by reducing the cost of building or repairing these boats.

Category/Year Enacted: Government. 1977

Primary Beneficiaries: The state of Washington and any local jurisdictions that operate ferries.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 6,421	\$ 6,405	\$ 7,190	\$ 7,190
Local taxes	\$ 2,005	\$ 2,000	\$ 2,245	\$ 2,245

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

TRAVEL AGENTS (B&O)

Current statute: RCW [82.04.260\(5\)](#)

Department of Revenue 2008 Tax Exemption Report (p.134):

Description: A reduced B&O tax rate of 0.275 percent is provided for commissions earned by travel agents and tour operators. In the absence of this statute the commissions would be subject to the service rate of 1.5 percent.

Purpose: To recognize that some of the income of these firms is derived from travel that may take place outside of the state.

Category/Year Enacted: Other business. 1975

Primary Beneficiaries: Approximately 451 taxpayers report under this rate classification.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 8,608	\$ 8,651	\$ 8,695	\$ 8,738
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

PRECIOUS METALS AND BULLION (SALES & USE)

Current statute: RCW [82.04.062](#)

Department of Revenue 2008 Tax Exemption Report (p.249):

Description: Sales of precious metals and monetized bullion from stock are exempt from retail sales tax. Wholesale and retail sales are also exempt from B&O tax, but dealers in these metals are subject to B&O service tax on commissions received.

Purpose: To provide tax relief to coin and bullion dealers who experience competition from dealers in other states which do not levy retail sales tax on such transactions.

Category/Year Enacted: Other business. 1985

Primary Beneficiaries: Sellers and purchasers of coin, bullion and precious metals.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 6,052	\$ 6,174	\$ 6,297	\$ 6,423
Local taxes	\$ 1,862	\$ 1,900	\$ 1,938	\$ 1,976

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

To some degree. The industry argues that purchases can easily be made via mail order and the Internet and that the tax would drive purchases out of state. However, under the Streamline Sales and Use Tax Agreement, an increasing number of interstate purcha

INSURANCE GUARANTEE FUNDS (INSURANCE PREMIUM)

Current statutes: RCW [48.32.145](#); [48.32A.125](#)

Department of Revenue 2008 Tax Exemption Report (p.173):

Description: Assessments are made by the Insurance Commissioner against property, casualty, life and disability insurers to pay claims made against insolvent insurers. The assessment may be credited against a firm's insurance premiums tax over a five year period.

Purpose: To ensure that claims against insolvent insurance companies are paid and that the cost is not borne by the policyholders of the surviving companies.

Category/Year Enacted: Other business. 1976

Primary Beneficiaries: Insurance companies.

Possible Program Inconsistency: The state does not normally become involved in payment of debts of private firms.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 6,496	\$ 6,593	\$ 6,692	\$ 6,793
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FEDERAL GOVERNMENT STRUCTURE LABOR (SALES & USE)

Current statute: RCW [82.04.050\(10\)](#)

Department of Revenue 2008 Tax Exemption Report (p.227):

Description: Charges made for labor and services in connection with building, repairing or improving new or existing structures for the federal government or a local housing authority are excluded from the definition of retail sale. Also excluded are charges for moving earth and clearing land for these jurisdictions. The contractor must pay retail sales/use tax on materials incorporated into these projects.

Purpose: The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The impact of the sales/use tax on materials is then indirectly passed on to the federal government. The exemption for labor and services for local housing authorities helps reduce the cost for these entities.

Category/Year Enacted: Government. 1975

Primary Beneficiaries: The U.S. government and municipal housing authorities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 4,011	\$ 4,296	\$ 4,553	\$ 4,826
Local taxes	\$ 1,234	\$ 1,322	\$ 1,401	\$ 1,485

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No; most of the impact represents federal construction which could not be taxed.

CONDOMINIUM MAINTENANCE FEES (B&O)

Current statute: RCW [82.04.4298](#)

Department of Revenue 2008 Tax Exemption Report (p.123):

Description: A B&O tax deduction is allowed for funds received by cooperative housing associations, condominium associations and residential property associations from members of the association, if the funds are used for repair, maintenance, management and improvement of the residences and the commonly held property.

Purpose: To provide comparable tax treatment for these payments by condo owners and the funds set aside by homeowners for similar maintenance and upkeep purposes.

Category/Year Enacted: Other business. 1979

Primary Beneficiaries: Condominium associations and their members.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 4,657	\$ 4,797	\$ 4,941	\$ 5,089
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

LEASES UNDER \$250 PER YEAR OR SHORT TERM (LEASEHOLD EXCISE)

Current statute: RCW [82.29A.130\(8\)-\(9\)](#)

Department of Revenue 2008 Tax Exemption Report (p.58):

Description: Leases of public property are exempt from leasehold tax if the total annual rent is less than \$250 or if the lease period does not exceed 30 consecutive days in duration.

Purpose: The \$250 annual threshold supports small businesses and provides administrative convenience for both lessees and lessors. The 30 day threshold can apply to both small and large lessees. It encourages short-term events, such as sporting events and trade shows, to take place in Washington.

Category/Year Enacted: Other business. 1976

Primary Beneficiaries: Qualifying lessees.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 2,214	\$ 2,331	\$ 2,455	\$ 2,585
Local taxes	\$ 1,942	\$ 2,045	\$ 2,153	\$ 2,268

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

URBAN TRANSIT FUEL (SALES & USE)

Current statutes: RCW [82.08.0255\(1\)\(a\),\(c\)](#); [82.12.0256\(2\)\(a\)](#)

Department of Revenue 2008 Tax Exemption Report (p.229):

Description: Motor vehicle fuel purchased for the purpose of providing public transportation is exempt from retail sales/use tax. The fuel must also be exempt under the motor vehicle and special fuel taxes. In addition, fuel purchased by a public transportation benefit area or a county-owned ferry or county ferry district for use in passenger-only ferries is exempt.

Purpose: To reduce the cost of providing public transit and encourage the use of these systems by riders.

Category/Year Enacted: Government. 1980. Expanded to passenger ferries in 2007.

Primary Beneficiaries: Public transportation systems and their customers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 2,625	\$ 2,759	\$ 2,928	\$ 3,107
Local taxes	\$ 819	\$ 861	\$ 914	\$ 970

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

MANUFACTURING COMPLETED IN-STATE (B&O)

Current statute: RCW [82.04.4295](#)

Department of Revenue 2008 Tax Exemption Report (p.121):

Description: For products manufactured outside the state that are brought into Washington for minor final assembly (less than two percent of the sales value) and then sold outside the state, the value initially created outside the state is allowed as a deduction from B&O tax.

Purpose: To stimulate trade and importing of products through Washington ports.

Category/Year Enacted: Business incentive. 1977

Primary Beneficiaries: Out-of-state manufacturers of motor vehicles (e.g., imported pickup trucks whose beds are attached in Washington).

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 2,460	\$ 2,622	\$ 2,795	\$ 2,979
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

COMMUTING PROGRAMS (B&O)

Current statute: RCW [82.70.020](#)

Department of Revenue 2008 Tax Exemption Report (p.153):

Description: A credit against B&O tax is allowed for employers who provide financial incentives for their own or other employees to participate in commute trip reduction programs. The amount of the tax credit is equal to one-half of the employer's expenditure and is limited to \$60 per employee per year. Any single firm may claim a maximum of \$200,000 in credits each year, and the program is capped at \$2.75 million annually for both B&O and public utility tax credits. The tax credit program is scheduled to expire on July 1, 2013.

Purpose: An incentive for employers to make financial incentives available to their employees to encourage car-pooling and reduction of air pollution, traffic congestion, and fuel consumption.

Category/Year Enacted: Other. 2003; cap increased in 2005.

Primary Beneficiaries: Approximately 290 companies participated in the program in 2006 (including both B&O and public utility tax credits)

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 2,640	\$ 2,640	\$ 2,640	\$ 2,640
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FISH TAX RATES (FISH TAX)

Current statute: RCW [82.27.020\(4\)](#)

Department of Revenue 2008 Tax Exemption Report (p.186):

Description: The tax on enhanced food fish consists of five different tax rates (including surtax): (1) chinook, coho and chum salmon and steelhead, 5.62 percent; (2) pink and sockeye salmon, 3.37 percent; (3) oysters, 0.09 percent; (4) sea urchins and cucumbers, 4.922 percent through 2010 and 2.247 percent starting in 2011; and (5) all other food fish and shellfish, 2.247 percent.

Purpose: To reflect market conditions for the various types of fish.

Category/Year Enacted: Other business. 1980

Primary Beneficiaries: Fishers of the species that are subject to the lower tax rates.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 2,510	\$ 2,510	\$ 2,510	\$ 2,510
Local taxes - none.				

*The estimate is based on increasing all lower tax rates to 5.62 percent.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, although this would represent a very large increase in tax for the lower rate categories, especially oysters.

BIOTECHNOLOGY DEFERRAL (SALES & USE)

Current statute: RCW [82.75.010](#); [82.75.030](#)

Department of Revenue 2008 Tax Exemption Report (p.271):

Description: Deferral/exemption of retail sales/use tax is allowed for construction and eligible equipment for facilities devoted to manufacturing of biotechnology products or medical devices. Biotech products includes items such as viruses, serums, antibodies, proteins, vaccines, blood and blood derivatives and similar items used in the prevention and treatment of diseases of injuries to humans. Medical devices are items intended for use in the diagnosis, prevention or treatment of diseases in humans or other animals. Repayment of the deferred sales/use tax is required only if the facility or equipment is used for a nonqualifying purposes. New applications for the program will not be accepted on January 1, 2017.

Purpose: To encourage biotechnology manufacturing in Washington.

Category/Year Enacted: Business incentive. 2006

Primary Beneficiaries: Approximately four firms have applied to date.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 1,614	\$ 1,721	\$ 1,822	\$ 1,937
Local taxes	\$ 500	\$ 534	\$ 565	\$ 600

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

MANUFACTURING FOR GOVERNMENT (LEASEHOLD EXCISE)

Current statute: RCW [82.29A.020\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.54):

Description: Excluded from the term "leasehold interest" is any interest in personal property owned by the U.S. government or a foreign government, if the right to use such property is part of a contract to produce articles for sale to these governments.

Purpose: To minimize the cost of the articles produced and to encourage the federal government to contract with Washington businesses.

Category/Year Enacted: Government. 1976

Primary Beneficiaries: Contractors with the federal and foreign governments.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 842	\$ 877	\$ 913	\$ 951
Local taxes	\$ 738	\$ 769	\$ 801	\$ 834

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

CARGO CONTAINERS (PROPERTY)

Current statute: RCW [84.36.105](#)

Department of Revenue 2008 Tax Exemption Report (p.42):

Description: Cargo containers that are principally used in ocean commerce are exempt from property tax.

Purpose: To help Washington ports compete with other West Coast ports.

Category/Year Enacted: Business incentive. 1975

Primary Beneficiaries: Owners of cargo containers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 256	\$ 269	\$ 284	\$ 293
Local levies	\$ 991	\$ 1,057	\$ 1,134	\$ 1,190

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

LIFE INSURANCE SALES EMPLOYEES (B&O)

Current statute: RCW [82.04.360\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.90):

Description: Persons who meet the Internal Revenue Code definition of "statutory employee" are considered employees for purposes of B&O tax liability and thus are exempt. Statutory employees are independent contractors for federal income tax purposes but receive W-2s and have Social Security taxes withheld. A statutory employee must sell life insurance on a full-time basis and work primarily for one company.

Purpose: To establish a distinction between employees, whose wages are not subject to B&O tax, and independent contractors who are subject to the tax.

Category/Year Enacted: Other business. 1991

Primary Beneficiaries: Approximately 3,900 sellers of life insurance.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 715	\$ 774	\$ 833	\$ 887
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, although there could be compliance difficulties in locating these sellers.

HEALTH INSURANCE BY STATE POOL (INSURANCE PREMIUM)

Current statute: RCW [48.14.022](#)

Department of Revenue 2008 Tax Exemption Report (p.172):

Description: Any carriers that receive premiums and prepayments from plan enrollees for health coverage provided under the Washington State Health Insurance Pool pursuant to Chapter 48.41 RCW are exempt from insurance premiums tax on those amounts. In addition, this statute allows carriers, health care service contractors and HMOs to deduct from taxable premiums any assessments paid to the Washington State Health Insurance Pool.

Purpose: To reduce the cost of providing health insurance to persons otherwise unable to obtain coverage because they may be considered as high risk.

Category/Year Enacted: Other business. 1987

Primary Beneficiaries: Persons who obtain coverage under the Health Insurance Coverage Access Act.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 769	\$ 773	\$ 777	\$ 781
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, although this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population.

PRECIOUS METALS AND BULLION (B&O)

Current statute: RCW [82.04.062](#)

Department of Revenue 2008 Tax Exemption Report (p.78):

Description: Sales of precious metals and monetized bullion are exempt from B&O tax. However, dealers of such metals and bullion are subject to B&O tax under the service classification on any commissions they receive for buying and selling precious metals on behalf of customers.

Purpose: To provide relief from retail sales tax for dealers that were in competition with precious metals dealers in other states where such transactions are not subject to sales tax.

Category/Year Enacted: Other business. 1985

Primary Beneficiaries: Coin and bullion dealers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 608	\$ 620	\$ 632	\$ 645
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

To some degree. The industry argues that purchases can easily be made via mail order and the Internet and that the tax would drive purchases out of state. However, under the Streamlined Sales Tax Agreement, an increasing number of interstate purchases by

SOLAR ENERGY AND SILICON MANUFACTURING (B&O)

Current statute: RCW [82.04.294](#)

Department of Revenue 2008 Tax Exemption Report (p.141):

Description: B&O tax rate on manufacturing of solar energy systems or the production of silicon components of these systems is 0.2904 percent until June 30, 2014. Firms that utilize this special tax rate must file annual reports with the Department detailing employment, wages paid, and employee benefits.

Purpose: A report by the Washington State University energy program recognized the solar electric industry as one of the state's important growth industries. The report indicates that additional incentives for the solar electric industry are needed in recognition of the unique forces and issues involved in business decisions in this industry.

Category/Year Enacted: Business incentive. 2005

Primary Beneficiaries: Manufacturers of solar electric systems and silicon components.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 352	\$ 370	\$ 388	\$ 407
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

HOPS PROCESSED AND EXPORTED (B&O)

Current statute: RCW [82.04.337](#)

Department of Revenue 2008 Tax Exemption Report (p.88):

Description: B&O tax exemption is allowed for the sale of hops that are processed into extract, pellets or powder in this state and then shipped outside the state for first use. Income received for other types of processing or warehousing hops is not exempt from the tax.

Purpose: To recognize that processing of hops into extract, pellets or powder is merely to facilitate shipment of the product and does not constitute a manufacturing activity.

Category/Year Enacted: Agriculture. 1987

Primary Beneficiaries: Hop growers and approximately eight processing firms.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 373	\$ 376	\$ 378	\$ 380
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

ADULT FAMILY HOMES (B&O)

Current statute: RCW [82.04.327](#)

Department of Revenue 2008 Tax Exemption Report (p.103):

Description: Homes that provide a protected family-like environment for adult clients with developmental, physical or other disabilities are exempt from B&O tax. To qualify the home must be licensed by DSHS but does not necessarily have to be a nonprofit organization.

Purpose: To reduce the cost of operating these facilities.

Category/Year Enacted: Nonprofit - health or social welfare. 1987

Primary Beneficiaries: Approximately 2,140 homes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 374	\$ 374	\$ 374	\$ 374
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

HORTICULTURAL PACKING MATERIALS (SALES & USE)

Current statutes: RCW [82.08.0311](#); [82.12.0311](#)

Department of Revenue 2008 Tax Exemption Report (p.198):

Description: Exemption from retail sales/use tax is provided for materials and supplies used directly in packing of fresh, perishable horticultural products.

Purpose: To support the agricultural industry. The exemption complements the B&O tax deduction for processors of fresh horticultural products.

Category/Year Enacted: Agriculture. 1988

Primary Beneficiaries: Fruit and vegetable packers.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 247	\$ 254	\$ 262	\$ 270
Local taxes	\$ 57	\$ 59	\$ 60	\$ 62

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

SEED CONDITIONING (B&O)

Current statute: RCW [82.04.120\(2\)\(a\)](#)

Department of Revenue 2008 Tax Exemption Report (p.80):

Description: The definition of "to manufacture" for B&O tax purposes excludes conditioning of seed for use in planting. The term "seed" may be applied to a wide variety of plant products and includes those intended for home use as well as agricultural applications. Persons who condition seed for others or for resale to farmers are also exempt from B&O tax per RCW [82.04.331](#).

Purpose: To encourage such businesses to locate in Washington.

Category/Year Enacted: Agriculture. 1987

Primary Beneficiaries: Firms that prepare and distribute seed.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 198	\$ 208	\$ 218	\$ 229
Local taxes - not considered.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

CREDIT FOR EXCESS TAX (LEASEHOLD EXCISE)

Current statute: RCW [82.29A.120\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.55):

Description: A credit is allowed against leasehold tax for two types of leases: (1) leases, other than product leases, executed after April 1, 1986, and (2) leases in which the Department of Revenue determines the amount of contract rent. For both types of leases the credit is equal to the amount that the computed leasehold tax exceeds the amount of property taxes that would apply to the leased property if the property were in private ownership.

Purpose: The credit assures that the leasehold tax, which is in lieu of property tax, does not exceed the equivalent amount of property tax.

Category/Year Enacted: Other business. 1986

Primary Beneficiaries: Lessees of public property.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 91	\$ 93	\$ 98	\$ 104
Local taxes	\$ 79	\$ 82	\$ 86	\$ 91

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

RETURNED MOTOR VEHICLES (SALES & USE)

Current statute: RCW [82.32.065](#)

Department of Revenue 2008 Tax Exemption Report (p.267):

Description: A credit or refund of retail sales tax paid is allowed to manufacturers of vehicles, if they refund the sales tax to customers upon the return of new vehicles under the provisions of Chapter 19.118 RCW, commonly known as the “lemon” law.

Purpose: To assure that manufacturers are not financially responsible for the sales tax, if they refund the tax previously collected to customers.

Category/Year Enacted: Other business. 1987

Primary Beneficiaries: Manufacturers of new motor vehicles that are found to be defective and ultimately the purchasers of these vehicles.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 148	\$ 141	\$ 139	\$ 137
Local taxes	\$ 47	\$ 46	\$ 44	\$ 43

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Unlikely.

USED FLOATING HOMES (SALES & USE)

Current statutes: RCW [82.08.034](#); [82.12.034](#)

Department of Revenue 2008 Tax Exemption Report (p.257):

Description: Exemption from retail sales/use tax is allowed for the sale, rental or lease (of more than 30 days) of a used floating home as defined in RCW [82.45.032](#).

Purpose: To provide tax treatment for used floating homes comparable to the treatment of residential real estate. The initial purchase of a floating home, like the construction of a residential home built for an owner by a contractor, is subject to retail sales tax. Subsequent sales of floating homes are subject to real estate excise tax rather than retail sales tax, just as they are for other homes.

Category/Year Enacted: Individuals. 1984

Primary Beneficiaries: Purchasers/renters of used floating homes.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 125	\$ 132	\$ 138	\$ 145
Local taxes	\$ 30	\$ 32	\$ 33	\$ 35

*Impact is net of state and local real estate excise taxes.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

HISTORIC VESSELS (PROPERTY)

Current statute: RCW [84.36.080\(2\)](#)

Department of Revenue 2008 Tax Exemption Report (p.41):

Description: Ships and vessels listed on the state or federal register of historic places are exempt from property tax.

Purpose: To encourage retention and restoration of historic boats.

Category/Year Enacted: Individuals. 1986

Primary Beneficiaries: Owners of approximately 20 vessels.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	CY 2008	CY 2009	CY 2010	CY 2011
State levy	\$ 28	\$ 30	\$ 32	\$ 33
Local levies	\$ 112	\$ 122	\$ 131	\$ 137

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

COMPUTERS DONATED TO SCHOOLS (SALES & USE)

Current statute: RCW [82.12.0284](#)

Department of Revenue 2008 Tax Exemption Report (p.237):

Description: Use tax exemption is provided to public and private schools for computers donated to them by individuals and businesses. The exemption covers computer hardware, components and accessories, as well as computer software. (Note: a similar exemption is provided for ALL tangible personal property that is donated to a government entity or a nonprofit charitable organization. However, that statute apparently would not cover donations of computers to private, nonprofit educational institutions.)

Purpose: To encourage individuals and businesses to donate computer equipment to schools.

Category/Year Enacted: Government (and nonprofit organizations). 1983

Primary Beneficiaries: Public and private K-12 schools, as well as colleges and universities.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 70	\$ 70	\$ 70	\$ 70
Local taxes	\$ 22	\$ 22	\$ 22	\$ 22

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

LODGING FOR THE HOMELESS (SALES & USE)

Current statute: RCW [82.08.0299](#)

Department of Revenue 2008 Tax Exemption Report (p.234):

Description: Exemption from retail sales tax is allowed for emergency lodging that is provided to homeless persons under a shelter voucher program. The exemption applies for a period of up to 30 days per recipient, and the voucher must be given by a local government agency or private organization that provides emergency food and shelter for homeless persons.

Purpose: To reduce the cost of providing housing services for the homeless.

Category/Year Enacted: Individuals. 1988

Primary Beneficiaries: Homeless persons who receive temporary lodging at hotels, etc. However, it is understood that vouchers are being replaced with longer term types of assistance.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000)*:

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 11	\$ 11	\$ 12	\$ 12
Local taxes	\$ 10	\$ 10	\$ 11	\$ 11

*Impact includes hotel/motel taxes and state convention center tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

TIMBER TAX MINIMUM (TIMBER)

Current statute: RCW [84.33.086](#)

Department of Revenue 2008 Tax Exemption Report (p.72):

Description: Any timber harvester incurring less than \$50 in timber tax liability per quarter is excused from payment of the timber excise tax.

Purpose: To support smaller harvesters and to reduce administrative costs for harvesters and the Department.

Category/Year Enacted: Other business. 1984, increased from \$10 to \$50 in 1987.

Primary Beneficiaries: Small timber harvesters, mostly harvesters of timber on private lands.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000):

	FY 2008	FY 2009	FY 2010	FY 2011
State tax	\$ 1	\$ 1	\$ 1	\$ 1
Local taxes	\$ 5	\$ 5	\$ 5	\$ 5

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

FERROSILICON (SALES & USE)

Current statutes: RCW [82.04.050\(1\)\(a\)\(iv\)](#); [82.04.190\(1\)\(d\)](#)

Department of Revenue 2008 Tax Exemption Report (p.202):

Description: Tangible personal property used in production of ferrosilicon which, in turn, is used in the production of magnesium is excluded from the definition of retail sale. To qualify, the primary purpose of the exempt items must be to create a chemical reaction with an ingredient of ferrosilicon.

Purpose: To encourage magnesium production businesses to locate in Washington.

Category/Year Enacted: Business incentive. 1986

Primary Beneficiaries: There are potentially two facilities that might benefit from this exemption.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The impact of this exemption cannot be disclosed, as it is believed to affect fewer than three firms.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

STUDENT LOAN ORGANIZATIONS (B&O)

Current statute: RCW [82.04.367](#)

Department of Revenue 2008 Tax Exemption Report (p.106):

Description: B&O tax exemption is provided for the income of nonprofit organizations that issue debt for student loans and for guarantee agencies under the federal guaranteed student loan program.

Purpose: To promote the availability of student loans.

Category/Year Enacted: Nonprofit - other. 1987

Primary Beneficiaries: Only one nonprofit student loan organizations qualifies under this statute.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Due to confidentiality requirements, the impact of this exemption cannot be publicly stated because it is believed to affect fewer than three taxpayers.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes.

HEALTH INSURANCE CLAIMS (B&O)

Current statute: RCW [82.04.4331](#)

Department of Revenue 2008 Tax Exemption Report (p.125):

Description: A B&O tax deduction was provided to insurance companies for amounts paid on medical or dental claims for state employees incurred prior to July 1, 1990.

Purpose: To prevent placing commercial insurers at a competitive disadvantage in bidding for state contracts by providing commercial insurance firms with a deduction that was available to health care contractors and health maintenance organizations.

Category/Year Enacted: Tax base. 1988

Primary Beneficiaries: None. The state now self-insures and no commercial insurer was selected to provide the uniform health plan for state employees.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

HAZARDOUS SUBSTANCE EXEMPTIONS (HAZARDOUS SUBSTANCE)

Current statute: RCW [82.21.040\(1\)-\(4\),\(6\)](#)

These exemptions are not included in the Department of Revenue's 2008 Tax Exemption Report.

CRUDE OIL (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.010\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.178):

Description: The definition of petroleum products includes a variety of products derived from crude oil but excludes crude oil itself.

Purpose: To avoid taxing both the products and the substance from which they are derived.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Refineries.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

SUCCESSIVE USE (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.030\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.179):

Description: Successive possession of petroleum products that were previously subject to the 0.5 percent petroleum products tax is exempt from the tax.

Purpose: The tax is intended to apply only to the first use of petroleum products within the state.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Wholesalers, distributors and retails of petroleum products.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

DOMESTIC USE (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.030\(2\)](#)

Department of Revenue 2008 Tax Exemption Report (p.179):

Description: Petroleum that is used by persons (not businesses) for personal or domestic purposes is exempt from petroleum products tax.

Purpose: The tax is intended to apply only to businesses that import or produce petroleum in this state.

Category/Year Enacted: Individuals. 1989

Primary Beneficiaries: Principally applies to individuals who bring motor vehicle fuel into the state in the fuel tanks of their personal vehicles.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

FUEL USED BEFORE TAX IMPOSED (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.030\(4\)](#)

Department of Revenue 2008 Tax Exemption Report (p.180):

Description: Possession of petroleum before the effective date of tax (7/1/1989) is exempt.

Purpose: To prevent the tax from applying to petroleum on which the owners did not anticipate having to pay tax.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: None; it is assumed that there are no petroleum products remaining in inventory since 1989.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

FUEL USED TO PROCESS PETROLEUM PRODUCTS (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.030\(5\)](#)

Department of Revenue 2008 Tax Exemption Report (p.181):

Description: Exemption from petroleum products tax is provided for natural gas, petroleum coke, liquid fuel, or fuel gas that is used in processing of petroleum products.

Purpose: To exclude fuels that are consumed in processing and restrict the tax to products that are ultimately sold at retail.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Petroleum refiners.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

EXPORTED PETROLEUM PRODUCTS (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.030\(6\)](#)

Department of Revenue 2008 Tax Exemption Report (p.181):

Description: Petroleum products that are exported for use outside of Washington are exempt from tax.

Purpose: The tax is intended to apply only to products ultimately used in this state.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Petroleum exporters.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

PACKAGED PETROLEUM PRODUCTS (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.030\(7\)](#)

Department of Revenue 2008 Tax Exemption Report (p.182):

Description: Petroleum products that are packaged are not subject to the tax.

Purpose: The purpose of the tax is to generate funds to provide adequate insurance and funding for programs to clean up discharges from leaking underground petroleum storage tanks. Presumably packaged products are not stored in such tanks and do not have the potential to cause pollution.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Importers of packaged petroleum products.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The extent of packaged petroleum products is believed to be minimal. Further, the petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not current

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

FUEL EXPORTED IN FUEL TANKS (PETROLEUM PRODUCTS)

Current statute: RCW [82.23A.040\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.182):

Description: A credit is allowed against the petroleum products tax for fuel that is exported from the state in the fuel tank of any vehicle, including airplanes, ships or trucks.

Purpose: The tax is paid upon the first use of the products in Washington which have the potential to cause environmental damage. It is presumed that once fuel is deposited into vehicle fuel tanks that the risk to the environment is significantly reduced.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Refiners and wholesalers who deliver their products outside the state.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): The petroleum products tax was last imposed during fiscal year 2004. It is not expected to be reactivated during the forecast period and therefore the exemptions are not currently applicable.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

SYRUP PREVIOUSLY TAXED (SYRUP)

Current statute: RCW [82.64.030\(1\)](#)

Department of Revenue 2008 Tax Exemption Report (p.188):

Description: Successive sales of concentrated syrup used to produce carbonated beverages upon which the tax was previously paid are exempt from the soft drinks syrup tax.

Purpose: To avoid pyramiding of the tax. Originally, the tax was structured as a first-possession tax and this exemption helped to assure that only the first possessor would be liable for the tax. This was changed in 1991 and the tax now applies at either the wholesale or retail level. However, this exemption assures that the tax will only apply to the same syrup one time.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Retailers and wholesalers of carbonated beverages who use syrup.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal. There are no data on successive sales of previously taxed syrup, but it is believed that most syrup is actually used by the firm that pays the tax.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

SYRUP EXPORTED (SYRUP)

Current statute: RCW [82.64.030\(2\)](#)

Department of Revenue 2008 Tax Exemption Report (p.188):

Description: Exemption is allowed for soft drink syrup that is shipped out of state.

Purpose: To limit the tax to syrup used to produce soft drinks that are consumed in this state.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: Exporters of carbonated beverage syrup.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal. There is no evidence of syrup taxpayers taking a deduction for out of state sales.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

TRADEMARKED SYRUP (SYRUP)

Current statute: RCW [82.64.030\(3\)](#)

Department of Revenue 2008 Tax Exemption Report (p.189):

Description: Wholesale sales of trademarked carbonated beverage syrup are exempt from the syrup tax, if the syrup is sold to a bottler who is appointed by the owner of the syrup trademark to manufacture, distribute and sell the syrup. Ordinarily, the bottler of trademarked syrup uses the syrup to produce canned or bottled soft drinks; such syrup is subject to the syrup tax. But in instances where the bottler, in turn, sells the syrup to another bottler or retailer this exemption applies to the transaction, because the tax will be owed by the second purchaser of the syrup.

Purpose: To shift the tax from the bottler to the next purchaser of the trademarked syrup, so that the tax will only be paid once on each gallon of syrup.

Category/Year Enacted: Tax base. 1991

Primary Beneficiaries: Bottlers of trademarked beverages.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None; the tax is simply shifted to the next purchaser. In any case, the volume of sales of syrup by trademarked bottlers to other bottlers or retailers is not known.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

SYRUP PURCHASED BEFORE TAX IMPOSED (SYRUP)

Current statute: RCW [82.64.030\(4\)](#)

Department of Revenue 2008 Tax Exemption Report (p.189):

Description: This exemption applies to soft drinks syrup upon which tax was paid prior to June 1, 1991.

Purpose: In 1991 the nature of the carbonated beverage tax was changed so that the wholesale transaction was taxed, instead of the first possession of the product. This exemption was then necessary to avoid double taxation of the same product.

Category/Year Enacted: Tax base. 1989

Primary Beneficiaries: No current beneficiaries.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): None; this exemption is no longer applicable, due to the shelf-life of syrup.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No.

PUBLIC TIMBER CREDIT (TIMBER)

Current statute: RCW [84.33.077](#)

Department of Revenue 2008 Tax Exemption Report (p.70):

Description: Standing timber under contract for harvest on nonfederal public lands is subject to personal property tax and the timber excise tax. However, timber on private and federal land is only subject to the timber excise tax. This exemption allows the harvester to credit the amount of property tax paid on timber on nonfederal public lands against the timber excise tax due.

Purpose: To lessen the revenue impact on timber dependent counties. A property tax shift to non-timber property and a potential loss of revenue to taxing districts was avoided by maintaining the property tax and allowing the credit against the timber tax.

Category/Year Enacted: Other. 1983

Primary Beneficiaries: Approx. 100 regular purchasers of public timber. Also, owners of nontimber property who might otherwise experience an increase in property taxes and local governments.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): In 2005, the timber tax on harvest on public lands began to be distributed to counties and is being phased in over 10 years. As a result, this credit is no longer utilized.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

Yes, but this would increase property taxes for other taxpayers in counties with substantial state timber lands.

STUDENT LOAN ORGANIZATIONS (PROPERTY)

Current statute: RCW [84.36.030\(6\)](#)

Department of Revenue 2008 Tax Exemption Report (p.14):

Description: Property owned by nonprofit organizations that are exempt from federal income tax and are guarantee agencies under the federal guaranteed student loan program or that issue debt to provide or acquire student loans is exempt from property tax.

Purpose: To support the programs and benefits that these organization provide to college students.

Category/Year Enacted: Nonprofit - other. 1987

Primary Beneficiaries: The personal property of one organization is exempt (no real property is owned).

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal personal property is owned by the one organization that currently operates in Washington.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?

No - other taxpayers would experience reduced taxes for the state levy and most local levies.

CONSERVATION FUTURES (PROPERTY)

Current statute: RCW [84.36.500](#)

Department of Revenue 2008 Tax Exemption Report (p.26):

Description: Conservation futures on agricultural lands acquired by a governmental entity, nonprofit historic preservation corporation, or nonprofit nature conservancy are exempt from property tax on the value of the development rights. To qualify, the lands must be enrolled in the current use assessment program, the conservation futures must be for an unlimited duration, and they must effectively prohibit conversion of the parcel to a nonagricultural use.

Purpose: To encourage the retention of farm lands, particularly in urban transitional areas.

Category/Year Enacted: Nonprofit - other. 1984

Primary Beneficiaries: Nonprofit organizations that acquire the development rights to agricultural lands and the owners of the land who are thereby enabled to remain in farming.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): No current impact. The conservation futures that have been purchased to date generally involve open space lands under RCW [84.36.260](#), rather than farm lands under this statute.

DELINQUENT PENALTY WAIVERS (PROPERTY)

Current statute: RCW [84.56.025](#)

Department of Revenue 2008 Tax Exemption Report (p.38):

Description: Interest and penalties on delinquent property taxes may be waived for up to 18 months if the delinquency was due to an error on the part of the county or because of hardship caused by the death of the taxpayer's spouse, parent or step-parent.

Purpose: To provide relief for taxpayers in the above situations.

Category/Year Enacted: Individuals. 1984; statute clarified in 2003 giving County Treasurers more flexibility in administering the waiver of delinquency penalties.

Primary Beneficiaries: Property owners who may owe interest and penalties in these circumstances.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000): Minimal. No county has reported any utilization of this waiver.

CURRENT AND PROPOSED TAX PREFERENCE REVIEW SCHEDULE FOR 2012

#	RCWs	Brief Description	Year Enacted	Expiration Date	2009-11 State & Local Impact (\$000)	Previously Scheduled Review Year	New Proposed Review Date
1	82.38.080	Fuel Use Exemptions (Fuel)	1971		\$1,603,421	2012	2012
2	84.36.477; 84.36.510	Business Inventories (Property)	1974		\$938,000	2012	2012
3	82.63.010; 82.63.030	High Technology Deferral (Sales & Use)	1994	1/1/2015	\$145,712	2012	2012
4	48.14.020(1)	Annuities (Insurance Premium)	1979		\$129,860	2012	2012
5	82.08.026; 82.12.023; 82.14.030(1)	Natural and Manufactured Gas (Sales & Use)	1989		\$67,831	2012	2012
6	82.04.4452	High Technology R&D (B&O)	1994	1/1/2015	\$61,228	2012	2012
7	82.04.260(6)	Charter and Freight Brokers (B&O)	1979		\$49,463	2012	2012
8	82.29A.130(3)	Subsidized Housing (Leasehold Excise)	1976		\$46,548	2012	2012
9	82.04.260(9)	Insurance Agents (B&O)	1983		\$45,232	2013	2012
10	82.04.260(7)	Stevedoring (B&O)	1979		\$20,387	2012	2012
11	82.08.0285; 82.12.0279	Ferry Boats (Sales & Use)	1977		\$18,870	2012	2012
12	82.04.260(5)	Travel Agents (B&O)	1975		\$17,433	2012	2012
13	82.04.062	Precious Metals and Bullion (Sales & Use)	1985		\$16,634	2013	2012
14	48.32.145; 48.32A.125	Insurance Guarantee Funds (Insurance Premium)	1976		\$13,485	2012	2012
15	82.04.050(10)	Federal Government Structure Labor (Sales & Use)	1975		\$12,265	2012	2012
16	82.04.4298	Condominium Maintenance Fees (B&O)	1979		\$10,030	2012	2012
17	82.29A.130(8)-(9)	Leases Under \$250 Per Year or Short Term (Leasehold Excise)	1976		\$9,461	2012	2012
18	82.08.0255(1)(a),(c); 82.12.0256(2)(a)	Urban Transit Fuel (Sales & Use)	1980		\$7,919	2012	2012
19	82.04.4295	Manufacturing Completed In-State (B&O)	1977		\$5,774	2012	2012
20	82.27.020(4)	Fish Tax Rates (Fish Tax)	1980		\$5,020	2012	2012
21	82.75.010; 82.75.030	Biotechnology Deferral (Sales & Use)	2006	1/1/2017	\$4,924	2014	2012
22	82.29A.020(1)	Manufacturing for Government (Leasehold Excise)	1976		\$3,499	2012	2012
23	84.36.105	Cargo Containers (Property)	1975		\$2,901	2012	2012
24	82.04.360(1)	Life Insurance Sales Employees (B&O)	1991		\$1,720	2013	2012
25	48.14.022	Health Insurance by State Pool (Insurance Premium)	1987		\$1,558	2012	2012
26	82.04.062	Precious Metals and Bullion (B&O)	1985		\$1,277	2012	2012
27	82.04.294	Solar Energy and Silicon Manufacturing (B&O)	2005	6/30/2014	\$795	2012	2012
28	82.04.337	Hops Processed and Exported (B&O)	1987		\$758	2012	2012
29	82.04.327	Adult Family Homes (B&O)	1987		\$748	2012	2012
30	82.08.0311; 82.12.0311	Horticultural Packing Materials (Sales & Use)	1988		\$654	2012	2012
31	82.04.120(2)(a)	Seed Conditioning (B&O)	1987		\$447	2012	2012
32	82.29A.120(1)	Credit for Excess Tax (Leasehold Excise)	1986		\$379	2012	2012
33	82.32.065	Returned Motor Vehicles (Sales & Use)	1987		\$363	2012	2012
34	82.08.034; 82.12.034	Used Floating Homes (Sales & Use)	1984		\$351	2012	2012
35	84.36.080(2)	Historic Vessels (Property)	1986		\$333	2012	2012
36	82.70.020	Commuting Programs (B&O)	2003	7/1/2013	\$220	2012	2012
37	82.12.0284	Computers Donated To Schools (Sales & Use)	1983		\$184	2012	2012
38	82.08.0299	Lodging for the Homeless (Sales & Use)	1988		\$46	2012	2012

CURRENT AND PROPOSED TAX PREFERENCE REVIEW SCHEDULE FOR 2012

#	RCWs	Brief Description	Year Enacted	Expiration Date	2009-11 State & Local Impact (\$000)	Previously Scheduled Review Year	New Proposed Review Date
39	84.33.086	Timber Tax Minimum (Timber)	1984		\$12	2012	2012
40	82.04.4331	Health Insurance Claims (B&O)	1988		\$0	2012	2012
41	82.21.040(1)-(4),(6)	Hazardous Substance Exemptions (Hazardous Substance)	1989		\$0	2012	2012
42	82.23A.010(1)	Crude Oil (Petroleum Products)	1989		\$0	2012	2012
43	82.23A.030(1)	Successive Use (Petroleum Products)	1989		\$0	2012	2012
44	82.23A.030(2)	Domestic Use (Petroleum Products)	1989		\$0	2012	2012
45	82.23A.030(4)	Fuel Used Before Tax Imposed (Petroleum Products)	1989		\$0	2012	2012
46	82.23A.030(5)	Fuel Used to Process Petroleum Products (Petroleum Products)	1989		\$0	2012	2012
47	82.23A.030(6)	Exported Petroleum Products (Petroleum Products)	1989		\$0	2012	2012
48	82.23A.030(7)	Packaged Petroleum Products (Petroleum Products)	1989		\$0	2012	2012
49	82.23A.040(1)	Fuel Exported in Fuel Tanks (Petroleum Products)	1989		\$0	2012	2012
50	82.64.030(1)	Syrup Previously Taxed (Syrup)	1989		\$0	2013	2012
51	82.64.030(2)	Syrup Exported (Syrup)	1989		\$0	2013	2012
52	82.64.030(3)	Trademarked Syrup (Syrup)	1991		\$0	2013	2012
53	82.64.030(4)	Syrup Purchased Before Tax Imposed (Syrup)	1989		\$0	2013	2012
54	84.33.077	Public Timber Credit (Timber)	1983		\$0	2012	2012
55	84.36.500	Conservation Futures (Property)	1984		\$0	2012	2012
56	84.56.025	Delinquent Penalty Waivers (Property)	1984		\$0	2012	2012
57	82.04.050(1)(a)(iv); 82.04.190(1)(d)	Ferrosilicon (Sales & Use)	1986		*	2012	2012
58	82.04.367	Student Loan Organizations (B&O)	1987		*	2012	2012
59	84.36.030(6)	Student Loan Organizations (Property)	1987		*	2012	2012
	82.08.0283; 82.12.0277	Medical Devices (Sales & Use)	1975		\$246,585	2012	2014
	84.36.045	Medical Research and Training Facilities (Property)	1975		\$9,905	2012	2014
	84.36.040(1)(f)	Dialysis Facilities (Property)	1987		\$1,394	2012	2014
	82.04.100; 82.04.330	Christmas Tree Producers (B&O)	1987		\$896	2012	2016
	82.04.213	Christmas Tree Inputs (Sales & Use)	1987		\$784	2012	2016
	82.08.0296; 82.12.0296	Livestock Feed (Sales & Use)	1986		\$210	2012	2016
	82.08.0294; 82.12.0294	Aquaculture Feed (Sales & Use)	1985		\$136	2012	2016

Move from 2012 to later date
 Move from later date to 2012
 Top 22 sorted by fiscal impact

