

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.

Joint Legislative Audit and Review Committee

1300 Quince St SE

PO Box 40910

Olympia, WA 98504

(360) 786-5171

(360) 786-5180 Fax

www.jlarc.leg.wa.gov

Committee Members

Senators

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Sharon Nelson, *Assistant Secretary*

Linda Evans Parlette, *Vice Chair*

Janéa Holmquist Newbry

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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
JOINT LEGISLATIVE AUDIT AND
REVIEW COMMITTEE

STUDY TEAM
Mary Welsh
Dana Lynn
Stacia Hollar
Peter Heineccius

PROJECT SUPERVISOR
John Woolley

LEGISLATIVE AUDITOR
Keenan Konopaski

Copies of Final Reports and Digests are
available on the JLARC website at:

www.jlarc.leg.wa.gov

or contact

Joint Legislative Audit & Review
Committee
1300 Quince St SE
Olympia, WA 98504-0910
(360) 786-5171
(360) 786-5180 FAX

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

Mary Welsh
Dana Lynn
Peter Heineccius

PROJECT SUPERVISOR

Keenan Konopaski

LEGISLATIVE AUDITOR

Ruta Fanning

Joint Legislative Audit &
Review Committee
1300 Quince St. SE
Olympia, WA 98504-0910
(360) 786-5171
(360) 786-5180 Fax

Website:

www.jlarc.leg.wa.gov
e-mail:
barbara.neff@leg.wa.gov

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.

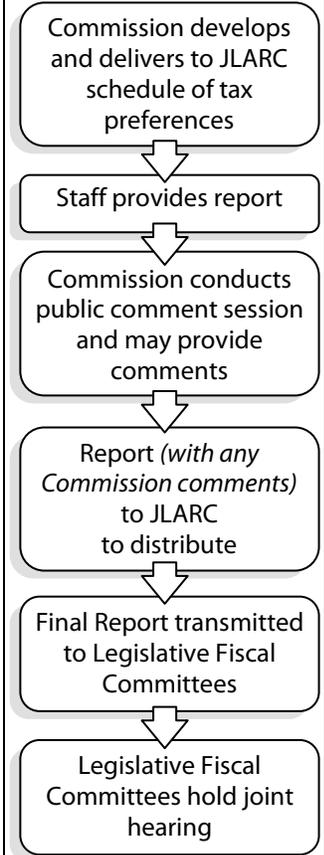
For 2011, the following tax preferences are subject to the expedited light process:

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.

JLARC Staff Contacts

Mary Welsh (360) 786-5193 mary.welsh@leg.wa.gov
 Dana Lynn (360) 786-5177 dana.lynn@leg.wa.gov
 Peter Heineccius (360) 786-5123 peter.heineccius@leg.wa.gov

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.]

