

RCW 82.29A.130 Exemptions—Certain property. (Effective until January 1, 2034.) The following leasehold interests are 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 that 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. However, this exemption does 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. However, this exemption applies only where it is determined that contract rent paid is greater than or equal to 90 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)(g).

(8) All leasehold interests for which annual taxable rent is less than \$250 per year. For purposes of this subsection leasehold interests held by the same lessee in contiguous properties owned by the same lessor are 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 30 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 are deemed a single leasehold interest: PROVIDED FURTHER, That no leasehold interest is deemed to give use or possession for a period of less than 30 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 must be imposed and must 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 1,000,000, that has a seating capacity of over 40,000, 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 100 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 17,000 reserved and general admission seats and is in a county that had a population of over 350,000, but less than 425,000 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.

(20) All leasehold interests in facilities owned or used by a community college or technical college, which leasehold interest provides:

(a) Food services for students, faculty, and staff;

(b) The operation of a bookstore on campus; or

(c) Maintenance, operational, or administrative services to the community college or technical college.

(21)(a) All leasehold interests in the public or entertainment areas of an arena if it:

(i) Has a seating capacity of more than 2,000;

(ii) Is located on city-owned land; and

(iii) Is owned by a city with a population over 200,000 within a county with a population of less than 1,500,000.

(b) For the purposes of this subsection (21), "public or entertainment areas" has the same meaning as provided in subsection (18) of this section.

(22) All leasehold interests in facilities owned by the state parks and recreation commission that are listed on the national register of historic places or the Washington heritage register.

(23)(a) All leasehold interests in the public or entertainment areas of an arena if:

(i) The arena has a seating capacity of more than 4,000;

(ii) The arena is located on city-owned land;

(iii) The arena is located within a city with a population over 100,000; and

(iv) Private entities were responsible for 100 percent of the cost of constructing improvements to the arena, which were not reimbursed by the public owner.

(b) For the purposes of this subsection (23), "public or entertainment areas" has the same meaning as provided in subsection (18) of this section, except that it also includes office areas used predominately by the lessee.

(c) A taxpayer claiming an exemption under this subsection (23) must file a complete annual tax performance report as provided in RCW 82.32.534.

(d) This subsection (23) does not apply to leasehold interests on or after October 1, 2033. [2023 c 343 s 2; 2022 c 147 s 1; 2019 c 335 s 1; 2017 3rd sp.s. c 37 s 1303. Prior: 2008 c 194 s 1; 2008 c 84 s 2; 2007 c 90 s 1; prior: 2005 c 514 s 601; 2005 c 170 s 1; 1999 c 165 s 21; 1997 c 220 s 202 (Referendum Bill No. 48, approved June 17, 1997);

1995 3rd sp.s. c 1 s 307; 1995 c 138 s 1; 1992 c 123 s 2; 1975-'76 2nd ex.s. c 61 s 13.]

Tax preference performance statement—2023 c 343 s 2: "(1) This section is the tax preference performance statement for the tax preference contained in section 2(23), chapter 343, Laws of 2023. The performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(a) The legislature categorizes the tax preference contained in section 2(23), chapter 343, Laws of 2023 as one intended to induce certain designated behavior by taxpayers and provide tax parity, as indicated in RCW 82.32.808(2) (a) and (f).

(b) For the tax preference evaluation under subsection (2) of this section, the legislature's specific public policy objective is to provide tax parity resulting in leasehold excise tax relief for large arena facilities used for professional sports with the expectation that the operational entities overseeing operations at these facilities will provide substantial economic benefits to their specific region with a focus on: Providing employment opportunities for women and minority-owned businesses; fostering equity and social justice with an emphasis on arena-impacted communities; providing general community resource support; and ensuring quality access to the facilities for people across a range of income levels.

(c) For the tax preference evaluation under subsection (3) of this section, the legislature's specific public policy objectives are to provide tax parity resulting in leasehold excise tax relief with the expectation that employees employed at the facilities receive competitive wages and benefits and the facilities advance and promote diverse and inclusive voices, experiences, perspectives, and employment opportunities.

(2) To measure the effectiveness of the tax preference identified in section 2(23), chapter 343, Laws of 2023, except as provided in subsection (3) of this section, the joint legislative audit and review committee must evaluate the following:

(a) State and local fiscal impacts;

(b) To the extent data is available from the operating entity, the number of employment positions and wages at the facility for all employers, the degree to which employment positions at the facility have been filled by people residing in economically distressed regions of the county in which the facility is located, and the race and ethnicity of the employees. The evaluation must include a comparison of annual average wages at the facility and annual county average wages as published by the employment security department as part of its covered employment data;

(c) The extent to which the operational entity provides opportunities for patrons of all income levels to enjoy programming by offering seating at a range of price points that are equitably distributed throughout the facility; and

(d) The extent to which the operational entity generally contributes resources to: Organizations that serve the region; the communities surrounding the facility; and programs and services for youth, arts, music, and culture.

(3) To measure the effectiveness of the tax preference in section 2(23), chapter 343, Laws of 2023 for arenas with a seating capacity of

17,000 or less, the joint legislative audit and review committee must evaluate the following to the extent that data is available from the operating entity or public owner of the arena:

- (a) State and local fiscal impacts;
- (b) The number of employment positions and wages at the facility for all employers operating at the facility. The evaluation must include a comparison of annual average wages at the facility and annual county average wages as published by the employment security department as part of its covered employment data;
- (c) The financial stability of the facility through an examination of revenues and expenditures specific to the facility;
- (d) The types of programming and events scheduled at the facility; and
- (e) The economic impact of the facility in the county in which the facility is located.

(4) In order to obtain the data necessary to perform the reviews in subsections (2) and (3) of this section, the department of revenue must provide tax-related data needed for the joint legislative audit and review committee analysis, including the annual tax performance reports provided pursuant to RCW 82.32.534. In addition to the data source described under this subsection, the joint legislative audit and review committee may use any other data it deems necessary and the legislative auditor, or his or her designee, may contact operational entities after October 1, 2023, to establish appropriate documentation to be provided by the operational entities to the joint legislative audit and review committee to facilitate its review of the tax preferences identified in chapter 343, Laws of 2023.

(5) For the purpose of this section, "operational entity" means a limited liability company or any other public or private legal entity that is primarily responsible for the management and operation of a stadium or arena facility." [2023 c 343 s 1.]

Expiration date—2023 c 343 s 2: "Section 2 of this act expires January 1, 2034." [2023 c 343 s 4.]

Effective date—2023 c 343 ss 1 and 2: "Sections 1 and 2 of this act take effect October 1, 2023." [2023 c 343 s 3.]

Tax preference performance statement—2022 c 147 s 1: "(1) This section is the tax preference performance statement for the tax preferences contained in section 1, chapter 147, Laws of 2022. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers as indicated in RCW 82.32.808(2)(a).

(3) It is the legislature's specific public policy objective to encourage contributions to historically significant places listed on the national register of historic places or the Washington heritage register.

(4) If a review finds that the statewide amount of contributions made by lessees of state parks and recreation commission-owned historical sites for the purposes of maintaining or improving such

sites has increased, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state." [2022 c 147 s 2.]

Expiration date—2022 c 147 s 1: "Section 1 of this act expires January 1, 2034." [2022 c 147 s 3.]

Effective date—2022 c 147: "This act takes effect January 1, 2023." [2022 c 147 s 4.]

Automatic expiration date and tax preference performance statement exemption—2019 c 335: "The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act." [2019 c 335 s 2.]

Effective date—2019 c 335: "This act takes effect January 1, 2020." [2019 c 335 s 3.]

Tax preference performance statement and expiration—2017 3rd sp.s. c 37 s 1303: "The provisions of RCW 82.32.805 and 82.32.808 do not apply to section 1303 of this act." [2017 3rd sp.s. c 37 s 1304.]

Effective date—2005 c 514: See note following RCW 83.100.230.

Part headings not law—Severability—2005 c 514: See notes following RCW 82.12.808.

Referendum—Other legislation limited—Legislators' personal intent not indicated—Reimbursements for election—Voters' pamphlet, election requirements—1997 c 220: See RCW 36.102.800 through 36.102.803.

Part headings not law—Effective date—1995 3rd sp.s. c 1: See notes following RCW 82.14.0485.

Effective date—1995 c 138: "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and shall take effect immediately [April 27, 1995]." [1995 c 138 s 2.]

RCW 82.29A.130 Exemptions—Certain property. (Effective January 1, 2034.) The following leasehold interests are exempt from taxes imposed pursuant to RCW 82.29A.030 and 82.29A.040:

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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. However, this exemption does 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.

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(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.

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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 must be imposed and must be apportioned accordingly.

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(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.

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(a) Food services for students, faculty, and staff;

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(c) Maintenance, operational, or administrative services to the community college or technical college.

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(i) Has a seating capacity of more than two thousand;

(ii) Is located on city-owned land; and

(iii) Is owned by a city with a population over two hundred thousand within a county with a population of less than one million five hundred thousand.

(b) For the purposes of this subsection (21), "public or entertainment areas" has the same meaning as provided in subsection (18) of this section. [2019 c 335 s 1; 2017 3rd sp.s. c 37 s 1303. Prior: 2008 c 194 s 1; 2008 c 84 s 2; 2007 c 90 s 1; prior: 2005 c 514 s 601; 2005 c 170 s 1; 1999 c 165 s 21; 1997 c 220 s 202 (Referendum Bill No. 48, approved June 17, 1997); 1995 3rd sp.s. c 1 s 307; 1995 c 138 s 1; 1992 c 123 s 2; 1975-'76 2nd ex.s. c 61 s 13.]

Automatic expiration date and tax preference performance

statement exemption—2019 c 335: "The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act." [2019 c 335 s 2.]

Effective date—2019 c 335: "This act takes effect January 1, 2020." [2019 c 335 s 3.]

Tax preference performance statement and expiration—2017 3rd sp.s. c 37 s 1303: "The provisions of RCW 82.32.805 and 82.32.808 do not apply to section 1303 of this act." [2017 3rd sp.s. c 37 s 1304.]

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