Excess Leasehold Excise Tax Credit Eliminated

Background
Publicly owned properties are not subject to property tax. Instead, people who lease publicly owned property pay a leasehold excise tax. If the leasehold excise tax was greater than the property tax would have been, taxpayers were allowed to take the difference as credit on the leasehold tax. (RCW 82.29A.120)

Credit Repealed
Passage of SSB 5444 (Chapter 235, Laws of 2013, Property Assessments—Publicly Owned Property) eliminates this credit. As of July 28, 2013, the credit in lieu of property tax will no longer be available.

Other credits, such as the senior citizens and disabled persons reduction from leasehold excise tax, are not affected by this change.

Calculating Leasehold Excise Tax Due
If you have been collecting/remitting leasehold excise tax after taking a credit based on what the property tax would have been, you must stop using this method effective July 27, 2013, and begin to collect/remit the tax based on the actual contract rent or an approved taxable rent calculation.

Property Valuation
Assessors are no longer required to value property that is publicly owned and not subject to property tax. When the exempt status changes because the property is sold or there is a change in use, the assessor must value and list the property.

More information
For more information about calculating the correct amount of leasehold excise tax to collect and remit, contact the Miscellaneous Tax Section at (360) 570-3265, option 4.

For more information about the assessor’s responsibility for valuation and listing of property, contact the Property Tax Division at (360) 534-1400.