

SALES TAXES

ALL OTHER MAJOR TAX EXEMPTIONS

66.20.010(7) SALES OF LIQUOR TO THE MILITARY

Description: Sales of liquor to authorized representatives of military installations are made at prices fixed by the Liquor Control Board and are exempt from liquor sales taxes.

Purpose: To increase the number of sales taking place through the Board and to bring the sale and distribution of such liquor under the control and regulation of the Board. Otherwise, the military could purchase liquor outside of the state and there would be no state regulation or tax, due to the prohibition against taxing the federal government.

Category/Year Enacted: Government. 1933

Primary Beneficiaries: Military installations and ultimately military personnel serving in Washington.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 4,000	\$ 4,000	\$ 4,000	\$ 4,000
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No.

66.24.290(3, b) BEER TAX EXEMPTION; 1st 60,000 BARRELS

Description: Microbreweries are exempt from the \$4.78 per barrel portion of the beer excise tax which is earmarked for health service on the first 60,000 barrels of beer produced each year. However, an additional tax of \$1.48 levied in 1997 applies only to the first 60,000 barrels they produce, thereby reducing the effective exemption to \$3.30 per barrel. Microbreweries remain fully subject to the remainder of the excise tax rates.

Purpose: To mitigate the impact of a general tax increase in 1993 on a growing local industry.

Category/Year Enacted: Business incentive. 1993

Primary Beneficiaries: Small breweries.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$ 1,233	\$ 1,245	\$ 1,258	\$ 1,270
Local taxes - none.				

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?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

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82.45.010 REAL ESTATE EXCISE TAX EXEMPTIONS

Description: This statute lists a variety of types of transfers of real property which are excluded from state and local real estate excise tax. These include transfers by gift or inheritance, transfers with respect to divorce, transfers by governmental entities, condemnations, cemetery lots, etc.

Purpose: To assure that the tax applies only to arm's-length purchases of real estate in situations where the purchase price is reflective of the market price.

Category/Year Enacted: Tax base. Generally in 1951

Primary Beneficiaries: Persons who acquire real property in the specified situations.

Possible Program Inconsistency: None evident.

<u>Taxpayer Savings (\$000)</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
State tax	\$143,080	\$152,549	\$162,644	\$173,408
Local taxes	\$ 51,419	\$ 54,822	\$ 58,450	\$ 62,318

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Possibly, but in some of these situations a price equivalent to market value might have to be established.

82.45.190 2nd NARROWS BRIDGE

Description: Exemption from real estate excise tax is provided for the originally envisioned transfer of state route 16 corridor transportation facilities which are being constructed under Chapter 47.46 RCW. This addresses the current construction of a second bridge over Puget Sound at the Tacoma Narrows.

Purpose: As originally planned, this exemption would enable transfer of the completed bridge to the private operator of the facility without incurring real estate excise tax liability.

Category/Year Enacted: Tax base. 1998

Primary Beneficiaries: The intended private operator of the bridge facility.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000) None. The current concept of, and agreement for, construction and operation of the bridge and the associated state route 16 improvements does not entail any transfer of property by the state.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? No; transfer to a private owner is not currently contemplated.