

PROPERTY TAXES

IN LIEU EXCISE TAXES - OTHER VEHICLE TAXES

82.48.100 GOVERNMENT AIRCRAFT

Description: Aircraft owned by and used exclusively in the service of governmental entities are exempt from the state aircraft excise tax. (NOTE: estimate excludes military aircraft.)

Purpose: Reflects the legislative policy of not taxing state/local government property and the constitutional prohibition against taxing the federal government.

Category/Year Enacted: Government. 1949

Primary Beneficiaries: Federal, state (including community colleges) and local governmental entities.

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	\$ 6	\$ 6	\$ 6	\$ 6
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
No in the case of federal aircraft; unlikely in the case of state/local aircraft.

82.48.100 COMMERCIAL AIRCRAFT

Description: Commercial aircraft engaged in interstate or foreign commerce and aircraft used for purposes of testing or training of crews are exempt from aircraft excise tax.

Purpose: To reflect the constitutional prohibition of taxing property used in interstate commerce and to encourage the development of experimental aircraft and use of aircraft for training by aircraft manufacturers and sellers in Washington.

Category/Year Enacted: Commerce. 1949

Primary Beneficiaries: Airline companies and aircraft manufacturers.

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	\$ 48	\$ 48	\$ 48	\$ 48
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
No in the case of commercial aircraft; revenues from experimental and training planes would be minimal.

PROPERTY TAXES

82.48.100 AIRCRAFT HELD FOR SALE

Description: Aircraft held for sale, exchange, delivery, etc. or for demonstration purposes solely as stock in trade by a licensed aircraft dealer are exempt from the aircraft excise tax.

Purpose: The exemption is justified on grounds of equity, since business inventories are exempt from personal property tax.

Category/Year Enacted: Other business. 1955

Primary Beneficiaries: Aircraft dealers.

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	\$ 2	\$ 2	\$ 2	\$ 2
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?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

82.48.100 NONRESIDENT AIRCRAFT

Description: Exemption from aircraft excise tax is allowed for planes owned by nonresidents, which are located at an airport that is jointly owned by governmental entities of Washington and another state.

Purpose: Provides an economic incentive for Idaho residents to base their privately owned airplanes at the Moscow-Pullman airport.

Category/Year Enacted: Other business. 1999

Primary Beneficiaries: Nonresident owners of airplanes based at the Moscow-Pullman airport.

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	\$ 2	\$ 2	\$ 2	\$ 2
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

If the exemption were repealed, would the taxpayer savings be realized as increased revenues? Unlikely, such owners could simply relocate such planes to their home state.

PROPERTY TAXES

82.49.020 BOATS UNDER 16 FEET

Description: Certain vessels are exempt from the 0.5 percent state watercraft excise tax: military or other boats owned by the federal government; state and local government vessels; boats with less than 10 horsepower motors; boats under 16 feet in length with no motor; all human-powered boats; vessels temporarily located in the state for repair; and documented vessels that are primarily engaged in interstate commerce.

Purpose: The exemption of commercial vessels is intended to avoid creating an impermissible burden on interstate commerce and to recognize the prohibition against directly taxing the federal government. The exemption of small and human-powered boats is intended to minimize administrative costs.

Category/Year Enacted: Individuals. 1983

Primary Beneficiaries: Owners of small boats.

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	\$ 1,607	\$ 1,680	\$ 1,756	\$ 1,837
Local taxes	\$ 0	\$ 0	\$ 0	\$ 0

*Estimates reflect only boats under 16 feet in length and human-powered boats.

If the exemption were repealed, would the taxpayer savings be realized as increased revenues?
Yes; however administration costs could be high for small, privately-owned watercraft.

82.50.520(1-4) TRAVEL TRAILERS AND CAMPERS

Description: This statute provides that certain travel trailers and camper units are not subject to the provision of Chapter 82.50 RCW. These include: (1) unoccupied units held in inventory by a manufacturer or dealer; (2) units owned by any governmental entity; (3) units owned by nonresidents if licensed in another state; and (4) travel trailers used with a dealer's license plate. Chapter 82.50 RCW previously imposed a state tax of 1.1 percent on travel trailers and campers. However, the tax-related portions of this chapter were repealed by the Legislature in 2000 along with the motor vehicle excise tax.

Purpose: No longer relevant.

Category/Year Enacted: Individuals. 1971

Primary Beneficiaries: None.

Possible Program Inconsistency: None evident.

Taxpayer Savings (\$000) No impact, as the state tax has been repealed.