

Chapter 9

In-Lieu Excise Tax

35.21.755 - Public corporations

Description Public corporations, commissions, and authorities must pay an in-lieu excise tax equal to what the property tax would be if a private owner owned the property.

Certain properties are exempt from this in-lieu tax including property:

- Located in a special review district established prior to January 1, 1976;
- Listed on a federal or state register of historical sites;
- Used primarily for low income housing, 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 public view corridor;
- Considered blighted property acquired by a public corporation for remediation purposes; and
- Used for transit purposes by a regional transit authority.

Certain historical properties are exempt from the leasehold excise taxes of RCW 82.29A.

Purpose Supports social benefits provided by community resources and encourages owners to retain historical property.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$4.074	\$4.500	\$4.653	\$4.780
Local Taxes	\$12.746	\$13.327	\$13.935	\$14.572

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$2.437	\$4.611	\$4.656
Local Taxes	\$0.000	\$0.680	\$1.307	\$1.360

Assumptions

- Property values of exempt properties grow at the same rate as other multi-family and commercial properties.
- Total estimated exempt value is \$1.6 billion.

Data Sources

- County assessor data
- State property tax levy model

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Additional Information

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Category:	Government
Year Enacted:	1974
Primary Beneficiaries:	Public Housing Authorities, Preservation and Development Authorities, Meydenbauer Convention Center in Bellevue, Thea Foss Esplanade in Tacoma, and the Regional Transit Authority
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2016