2016 Tax Exemption Study

A Study of Tax Exemptions, Exclusions or Deductions From the Base of a Tax; a Credit Against a Tax; a Deferral of a Tax; or a Preferential Tax Rate

As Authorized by RCW 43.06.400

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Department of Revenue
Washington State

2016 Tax Exemption Study

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Department of Revenue Washington State

Introduction and Summary of Findings

INTRODUCTION

The Tax Exemption Study lists exemptions for the major state and local taxes in Washington and is authorized by the Revised Code of Washington (RCW) 43.06.400 [Appendix A].

Tax exemptions:

The term *tax exemption* includes a variety of preferences that reduce tax liability for taxpayers. Tax exemptions include:

- Exclusions,
- Deductions,
- Credits,
- Deferrals,
- Preferential tax rates, and
- Exemptions.

Department of Revenue (Department) staff estimated the impact of each exemption. Sales and use tax exemptions for the same product or activity are included as a single estimate. In other cases, there are multiple estimates for a single statute to better illustrate the impacts.

The summary of each exemption includes:

- A brief description,
- The purpose of the exemption,
- Taxpayer savings,
- Potential revenue gains from a full repeal of the exemption, and
- Additional information.

Taxpayer savings versus potential revenue gains:

Savings to taxpayers does not indicate the potential revenue that governmental jurisdictions would accrue if the exemption did not exist. For example, some exemptions will not increase state revenues by the same amount as the taxpayer savings due to:

- Constitutional prohibitions against taxing certain activities,
- Property tax exemptions that result in tax shifts among remaining property owners,
- Possible changes in taxpayer reporting behavior, or
- Actual cash receipts lower as a result of compliance factors.

In all cases, it is assumed that a full repeal would be effective July 1, 2016 resulting in no revenue gain in Fiscal Year 2016 and only 11 months of revenue gain for Fiscal Year 2017. This is the first study that includes estimates of potential revenue gains for a full repeal of the exemption in addition to the taxpayer savings amounts.

The Tax Exemption Study *does not* include:

- Locally administered taxes such as the municipal business taxes,
- Discussion regarding tax policy related to the exemption, or
- Recommendations to keep or terminate existing exemptions.

Forecast:
All estimates use the February 2015 Economic and Revenue Forecast Council forecast unless otherwise noted.

Revised Code of Washington (RCW) Citation:
The full RCW citation is included if it was available at the time that the exemption was analyzed. Some exemptions that passed during the 2015 session were not yet codified.

SUMMARY OF FINDINGS

The current study analyzes 694 tax exemptions. The state and local impacts of the 694 tax exemptions combine for an estimated taxpayer savings of $105.9 billion for the 2015-17 Biennium. Approximately 48 percent of the total, or $50.4 billion, is exemptions from state taxes. Exemptions from local government taxes amount to $55.5 billion.

Table 1 summarizes the number of exemptions and the distribution of state and local impacts for the various types of taxes considered in this study.

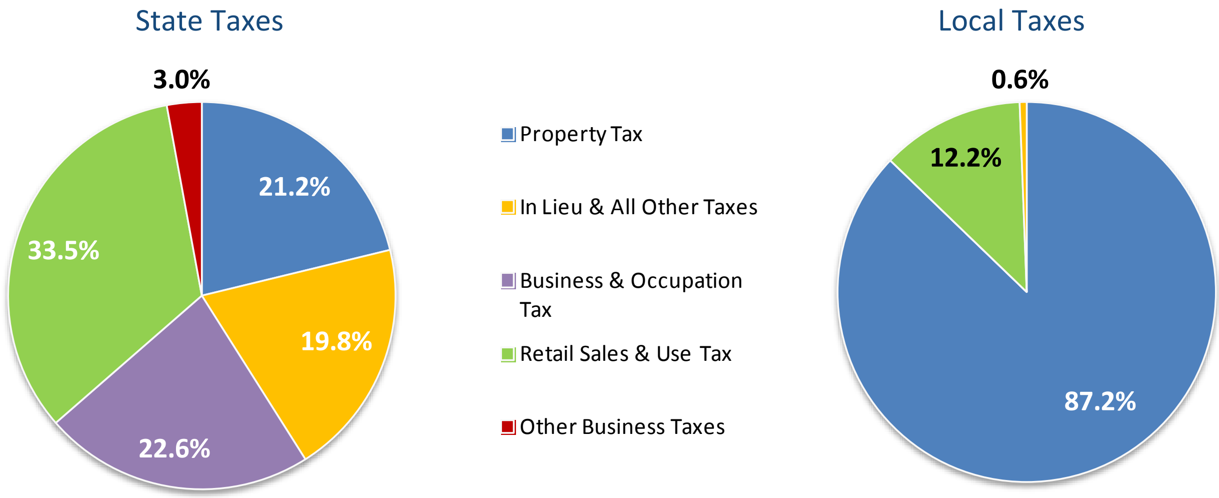
Table 1
Summary of Tax Exemption Impacts by Tax Source
Estimated Taxpayer Savings
2015-17 Biennium ($ millions)

Tax Source	Number of Exemptions	State Tax Savings	Local Tax Savings	Total Savings for Biennium
Property Tax	114	$10,678.427	$48,441.605	$59,120.032
In Lieu Excise Taxes	45	68.410	57.190	125.600
Business & Occupation Tax	190	11,365.038	2.522	11,367.560
Retail Sales & Use Tax	193	16,873.246	6,772.499	23,645.745
Other Business Taxes	89	1,462.343	0.000	1,462.343
All Other Taxes	63	9,911.180	273.500	10,184.680
Total	**694**	**$50,358.644**	**$55,547.316**	**$105,905.960**

Almost one-third of the state impact is from retail sales and use tax exemptions. Property and business and occupation (B&O) tax exemptions also account for a large share of the state impact. Almost 90 percent of the local exemption impacts relate to property tax. The remainder is mostly attributable to local sales tax exemptions.

Chart 1 on the following page provides a breakdown of the state and local taxes by tax source, showing that retail sales and use taxes comprise nearly 34 percent of states taxes and more than 87 percent of local taxes are from property tax.

Chart 1
Distribution of Tax Exemptions by Tax Source



Taxpayer savings versus potential revenue gains from a full repeal:

Savings to taxpayers do not indicate the potential revenue that governmental jurisdictions would accrue if the exemption did not exist. For this reason each exemption provides the estimated taxpayer savings plus the potential revenue gains from a full repeal of the exemption.

- For many excise taxes there is a one-to-one relationship between the amount that taxpayers save and the amount that government gives up in potential revenues.
- Other exemptions may cause possible changes in taxpayer reporting behavior, which could restrict the potential revenues realized.
- Several exemptions exist because of constitutional reasons, and are not a reliable source of potential new governmental revenue.
- Repealing a property tax exemption does not increase state revenues. Removing a property tax exemption broadens the tax base, and at the same time reduces the tax rates. This reduces the property taxes for existing taxpayers, and shifts property tax to currently exempt taxpayers. It does not generate additional revenue for the state and many local taxing districts. However, a lower local tax rate for a taxing district at their statutory maximum allows the district to collect money they would not have otherwise been able to collect. So local taxing districts at their statutory maximum may experience a revenue increase.

Table 2a shows the taxpayer savings for the 2015-17 Biennium, and the amount of potential revenue gains with a full repeal of the exemptions as of July 1, 2016. The potential gains reflect no collections in Fiscal Year 2016 and eleven months of collections in Fiscal Year 2017, the second year of the biennium.

Table 2a
Taxpayer Savings versus Potential Revenue Gains by Tax Source
2015-17 Biennium ($ millions)

Tax Source	State Tax Savings	State Potential Revenue Gains	Difference	Local Tax Savings	Local Potential Revenue Gains	Difference
Property Tax	10,678.427	(18.079)	10,696.506	48,441.605	474.134	47,967.471
In Lieu Excise Taxes	68.410	30.181	38.229	57.190	27.912	29.278
Business & Occupation Tax	11,365.038	3,785.928	7,579.110	2.522	1.156	1.366
Retail Sales & Use Tax	16,873.246	6,279.870	10,593.376	6,772.499	2,503.220	4,269.279
Other Business Taxes	1,462.343	609.492	852.851	0.000	0.000	0.000
All Other Taxes	9,911.180	576.739	9,334.441	273.500	124.063	149.437
Total	**50,358.644**	**11,264.131**	**39,094.513**	**55,547.316**	**3,130.485**	**52,416.831**

Table 2b shows the taxpayer savings and potential revenue gains from a full repeal of the exemptions for the 2017-19 Biennium in order to include a full 24 month impact for both the savings and gains.

Table 2b
Taxpayer Savings versus Potential Revenue Gains by Tax Source
2017-19 Biennium ($ millions)

Tax Source	State Tax Savings	State Potential Revenue Gains	Difference	Local Tax Savings	Local Potential Revenue Gains	Difference
Property Tax	10,698.841	(38.096)	10,736.937	50,901.252	1,579.970	49,321.282
In Lieu Excise Taxes	72.162	72.160	0.002	61.004	61.004	0.000
Business & Occupation Tax	12,483.757	9,156.226	3,327.531	2.522	2.522	0.000
Retail Sales & Use Tax	18,162.214	14,999.332	3,162.882	7,307.505	5,979.618	1,327.887
Other Business Taxes	1,684.790	1,606.639	78.151	0.000	0.000	0.000
All Other Taxes	11,016.374	4,258.803	6,757.571	296.833	285.996	10.837
Total	**54,118.138**	**30,055.064**	**24,063.074**	**58,569.116**	**7,909.110**	**50,660.006**

Taxpayer savings versus forecasted revenue collections:
Table 3 and Chart 2 compare the estimated taxpayer savings from exemptions for selected state taxes with the Economic and Revenue Forecast Council forecasted revenues for those same tax sources.

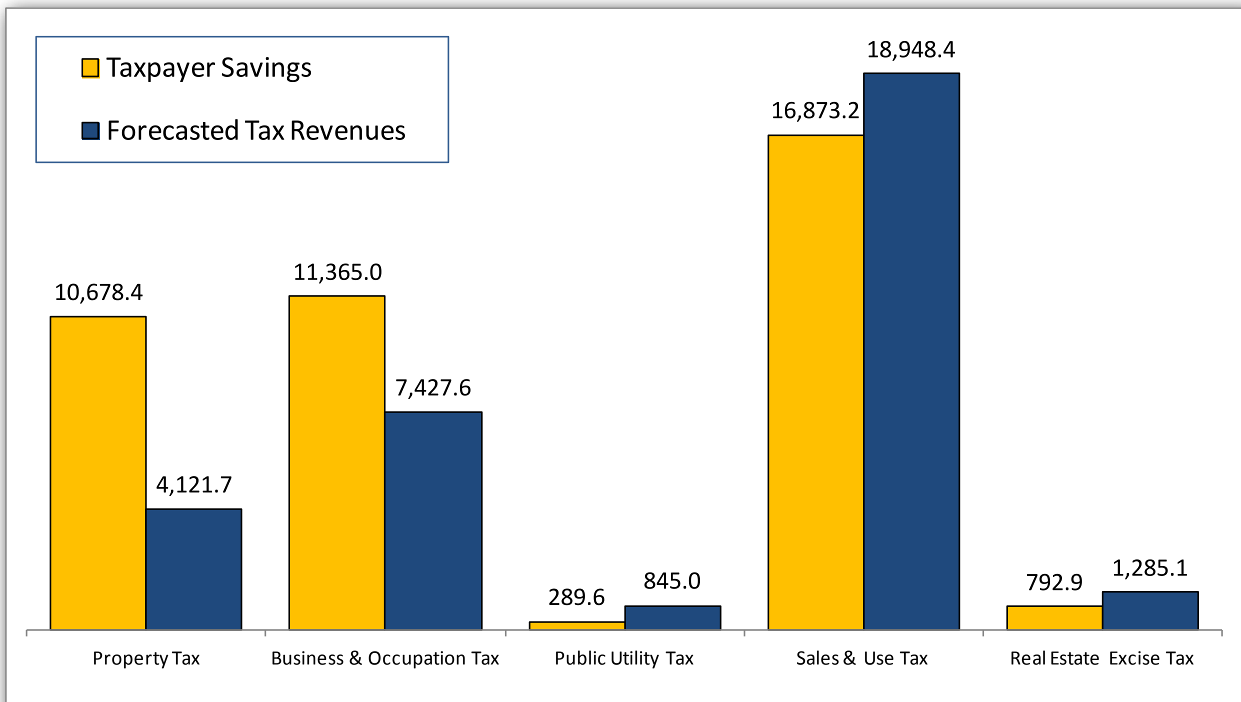
The total taxpayer savings for these state taxes is nearly $40 billion for the 2015-17 Biennium, which is over $7 billion more than the forecasted revenues of $32.6 billion.

Table 3
Comparison between Taxpayer Savings and Revenues
Selected Major State Tax Sources
2015-17 Biennium ($ millions)

State Tax Source	Taxpayer Savings from Exemptions	Forecasted Tax Revenues[1]	Exemptions as a Percent of Revenue
State Property Tax Levy	10,678.427	4,121.731	259.1%
State Business & Occupation Tax	11,365.038	7,427.610	153.0%
Public Utility Tax	289.628	844.961	34.3%
Retail Sales & Use Tax	16,873.246	18,948.367	89.0%
Real Estate Excise Tax	792.863	1,285.149	61.7%
Total	**39,999.202**	**32,627.818**	**122.6%**

[1]Economic and Revenue Forecast Council (February 2015 Forecast)

Chart 2
Comparison between Taxpayer Savings and Revenues
Selected Major State Tax Sources
2015-17 Biennium ($ millions)



As noted in the chart above, taxpayer savings for both property tax and the business and occupation tax is significantly higher than the forecasted revenues for these tax sources in the 2015-17 Biennium.

Categorical Analysis:

Tax exemptions are established for a variety of reasons. In an attempt to present more meaningful data for the various types of exemptions, 8 categories were developed with each exemption assigned to the category that most closely represents its general purpose or type of beneficiary (recognizing that many exemptions serve multiple purposes).

A brief description of the exemption categories appears below:

Category	Number of Exemptions	Brief Description of Category
Agriculture	64	There are a variety of property, B&O and sales tax, and other exemptions for agricultural businesses.
Business	233	These exemptions generally benefit business entities.
Government	82	Governmental jurisdictions include the federal government, the state of Washington, local governments and foreign countries.
Individuals	53	These exemptions generally benefit people, as opposed to businesses or other entities.
Interstate Commerce	21	The United States Constitution prohibits direct taxation of interstate commerce. The Legislature has enacted exemptions to assure that Washington does not violate this requirement.
Nonprofit	91	There are a variety of property, B&O and sales tax exemptions allowed for nonprofit organizations.
Tax Base	73	This category includes activities the Legislature purposefully excluded in the original tax base. For example, there is an exemption to assure employees are not subject to B&O tax, even though it was never the intent for tax to apply to salaries and wages.
Other	77	Some exemptions do not fit easily into one category. These are included in the "Other" category. As an example, the exemption for intangibles benefits the agricultural industry, businesses, and individuals.

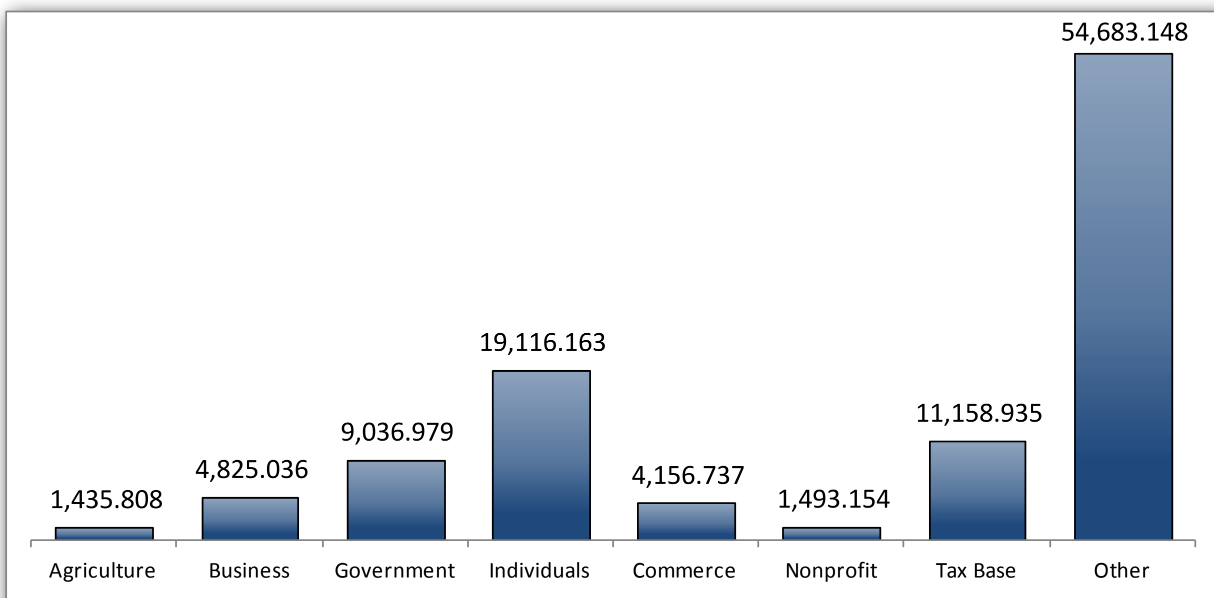
Table 4 summaries the results of the categorical analysis. The other category represents over 50 percent of the total taxpayer savings, the majority of which are local tax savings. Of the $54.7 million taxpayer savings in the other category, $50.7 million comes from the following two exemptions:

- The property tax exemption on intangibles, and
- Sales and use tax exemption on personal and professional services.

Table 4
Tax Exemptions by Category
2015-17 Biennium ($ millions)

Category	Number of Exemptions	State Tax Savings	Local Tax Savings	Total Tax Savings	Percent of Total
Agriculture	64	869.258	566.550	1,435.808	1.4%
Business	233	3,073.844	1,751.192	4,825.036	4.6%
Government	82	2,770.343	6,266.636	9,036.979	8.5%
Individuals	53	15,202.558	3,913.605	19,116.163	18.1%
Interstate Commerce	21	3,612.414	544.323	4,156.737	3.9%
Nonprofit	91	868.798	624.356	1,493.154	1.4%
Tax Base	77	9,804.780	1,354.155	11,158.935	10.5%
Other	73	14,156.649	40,526.499	54,683.148	51.6%
Total	**694**	**50,358.644**	**55,547.316**	**105,905.960**	**100.0%**

Chart 3
Tax Exemptions by Category
2015-17 Biennium ($ millions)



Exemption History

Tax exemptions enacted by year:

Until 1935, no more than a half dozen new exemptions appeared in any single year. With the adoption of Revenue Act of 1935 came 44 new exemption statutes. These were associated with:

- Retail sales and use taxes,
- B&O tax, and
- Various other new state excise taxes.

State policy-makers have enacted over 340 new tax exemptions since 1990, an average of 13 per year. In 2003, 32 new exemptions were added - the largest number of new exemption statutes established since 1935.

Table 5 traces the growth of current tax exemption statutes over time, starting in Washington's territorial days.

Table 5
Current Tax Exemptions by Year of Enactment

Year Adopted	Number	Year Adopted	Number	Year Adopted	Number	Year Adopted	Number
1854	4	1947	4	1979	14	1999	7
1871	1	1949	13	1980	12	2000	8
1886	1	1951	9	1981	10	2001	21
1889	5	1953	2	1982	4	2002	5
1890	3	1955	7	1983	13	2003	32
1891	2	1957	1	1984	6	2004	19
1911	1	1959	4	1985	9	2005	24
1915	3	1961	5	1986	6	2006	16
1923	3	1963	4	1987	14	2007	18
1925	2	1965	9	1988	3	2008	17
1929	1	1967	19	1989	29	2009	13
1931	4	1970	12	1991	9	2010	9
1933	4	1971	16	1992	4	2011	10
1935	44	1972	1	1993	13	2012	8
1937	3	1973	5	1994	4	2013	17
1940	2	1974	5	1995	16	2014	3
1941	1	1975	10	1996	11	2015	19
1943	3	1976	11	1997	18		
1945	5	1977	4	1998	20	TOTAL	694

Since 1970, there are only two years where the Legislature did not pass any exemptions, 1978 and 1990.

Exemption History

The following two charts show current tax exemptions:

- Enacted by year, and
- The cumulative number by decade.

Chart 4
Current Tax Exemptions by Year of Enactment

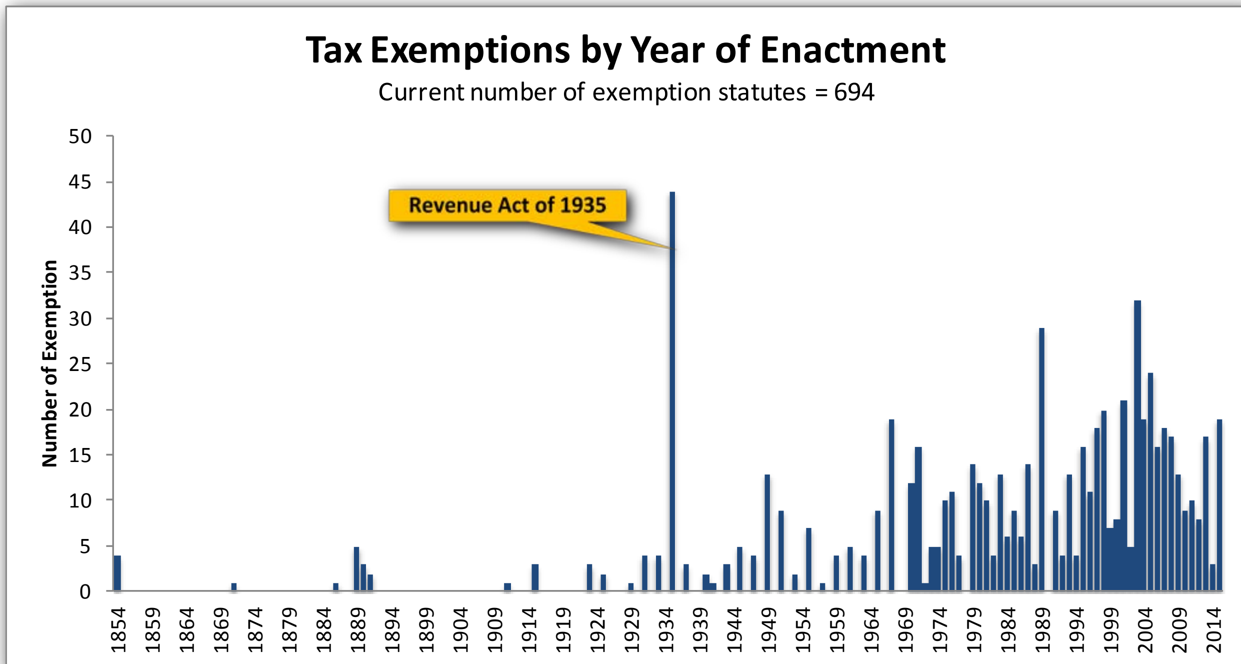
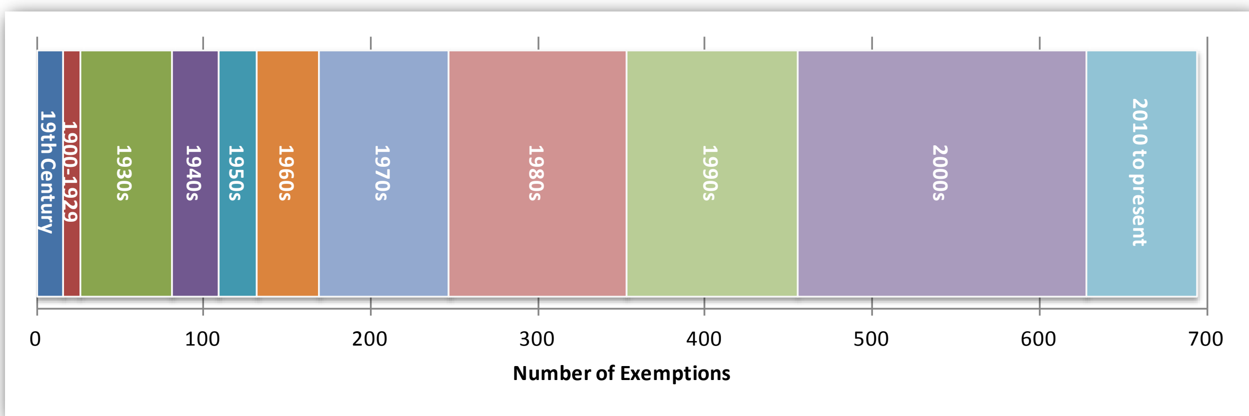
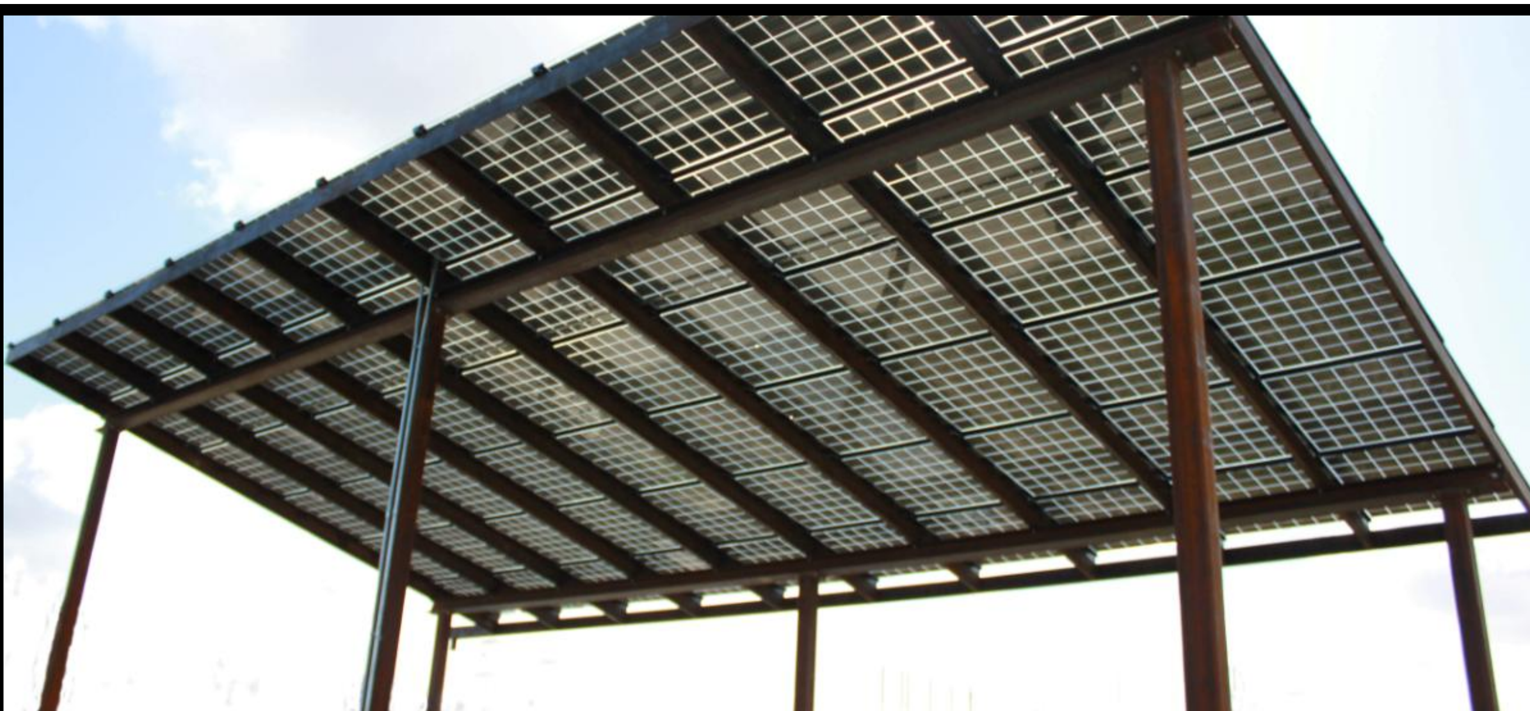


Chart 5
Cumulative Number of Tax Exemption Enacted by Decade





Business & Occupation Tax

48.32.130 - Insurance guarantee association

Description

The Washington Insurance Guarantee Association (Association) is exempt from all fees and taxes levied by the state or its political subdivisions, except taxes levied on real or personal property. The estimates shown in this section reflect the exemption from state B&O tax for income derived by the Association.

The Association protects policyholders from insolvent insurers. Insurance companies pay an assessment to the Association to provide funding for payments to any policy holders, whose insurance company is unable to provide compensation under the terms of their policies.

Purpose

To protect insurance policy holders and reflect the fact that the receipt of assessments from insurance companies by Association does not represent engaging in business.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.036	$0.036	$0.036	$0.036
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue if the receipt of these assessments were to be considered as engaging in business by the Association.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.036	$0.036	$0.036
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The Association revenue will be at least $2.4 million a year.

Data Sources

- Office of the Insurance Commissioner
- Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1971
Primary Beneficiaries:	The Association and insurance policy holders
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04 – Environmental handling charges

Description

Environmental handling charges are exempt from B&O tax. RCW 70.275.020 defines environmental handling charges as the charge applied to each mercury-containing light sold at retail in or into the State of Washington.

Purpose

Recognizes the environmental handling charge is not income to the business.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.008	$0.009	$0.009	$0.009
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.009	$0.009	$0.009
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This legislation only applies to the environmental handling charge for mercury lights and not the product sales price.
- Assessment fee of $0.25 per mercury light.

Data Sources

Washington Department of Ecology, Washington State Mercury-Containing Lights, page 8.

Additional Information

Additional Information	
Category:	B&O Tax
Year Enacted:	2015
Primary Beneficiaries:	Persons selling mercury-containing light bulbs
Taxpayer Count:	2,200
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2025

82.04 - Alternative fuel commercial vehicle tax credit

Description

A credit is allowed against either B&O tax or PUT for the purchase of an alternative fuel commercial vehicle. The credit is calculated according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited to the lesser of the incremental cost amount or a maximum credit amount per vehicle purchased, and is subject to a maximum annual credit amount per vehicle class. The credit provided is not available for the lease of a vehicle.

A credit is also allowed for the lesser of 50 percent of the incremental cost amount of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States EPA certified conversion, subject to the maximum annual credits per vehicle weight class.

The combined total B&O tax and PUT credits may not exceed the lesser of $250,000 or 25 vehicles per person per calendar year. Total statewide credits under this program may not exceed $6 million during any calendar year.

Purpose

Alternative fuel commercial vehicles cost more than comparable conventional fuel vehicles. The credit provides businesses an incentive to purchase alternative fuel commercial vehicles or convert conventional fuel vehicles to be powered by cleaner alternative fuel which is in line with the state's climate and environmental goals.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Credits may be taken against the B&O tax or PUT.
- Credits are taken as an offset against PUT, not B&O tax since most businesses that can utilize the credit report the majority of income under PUT.
- See the exemption for alternative fuel commercial vehicle tax credit, RCW 82.16 for impact.

Continued

82.04 - Alternative fuel commercial vehicle tax credit

Data Sources Department of Licensing data warehouse database

Additional Information

Additional Information	
Category:	Business and Occupation Tax
Year Enacted:	2015
Primary Beneficiaries:	Businesses purchasing commercial alternative fuel vehicles or converting used commercial vehicles to be principally powered by clean alternative fuel
Taxpayer Count:	700
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2020

82.04 - Marijuana grown or marijuana products manufactured by a cooperative

Description

Beginning on July 1, 2016, up to four qualifying patients may form a cooperative to grow marijuana and manufacture marijuana products for the participating patients' consumption. The state business and occupation tax does not apply to a cooperative's activities with respect to growing marijuana, or manufacturing marijuana concentrates, useable marijuana, or marijuana-infused products.

Purpose

The Legislature did not provide a tax preference performance statement for this exemption. Presumably, the purpose of the exemption is to eliminate the potential adverse business and occupation tax consequences of forming a cooperative to supply medical marijuana to the cooperative's members

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Since there is no way to determine the future numbers and activities of cooperatives this estimate is indeterminate.

Data Sources

Department of Revenue

Additional Information

Additional Information	
Category:	Nonprofit, other organizations
Year Enacted:	2015
Primary Beneficiaries:	Cooperative medical marijuana growers
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2026

82.04 - Businesses that hire veterans

Description

This preference provides employers a Business and Occupation (B&O) tax credit for hiring unemployed veterans. The credit is available under the Public Utility Tax (PUT) also. However, no business may claim a credit against taxes due under both B&O and PUT taxes for the same employee.

The credit equals 20 percent of wages and benefits paid up to a maximum of $1,500 for each qualified employee hired on or after October 1, 2016. No credit may be claimed until a qualified employee has been employed for at least two consecutive full calendar quarters.

The total statewide credit cap is $500,000 per fiscal year.

Purpose

To encourage businesses to hire unemployed veterans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.450	$0.450	$0.450
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.450	$0.450	$0.450
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Up to 1,900 veterans could be impacted by this preference.
- Cost components of an employee: 70 percent wages and 30 percent benefits.
- Wages and benefits of veterans employed in the civilian labor market are comparable to those of the general workforce.
- Businesses employing these veterans have sufficient B&O tax (or PUT) liability to take advantage of all the credits earned.
- Of total credits that will be taken, 90 percent will be under B&O tax and 10 percent under PUT tax.

Data Sources

- Washington Employment Security Department
- United States Census
- United States Bureau of Labor Statistics
- United States Department of Defense
- Various military data sources

Continued

82.04 - Businesses that hire veterans

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Businesses and veterans
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.04.062 - Precious metals and bullion

Description

Sales of precious metals and monetized bullion are exempt from B&O tax. However, dealers of such metals and bullion are subject to B&O tax under the service classification on commissions they receive for buying and selling precious metals on behalf of their customers.

Note: The sales tax portion of the exemption is discussed under the sales tax portion of this report.

Purpose

To provide relief to dealers that are in competition with precious metals dealers in other states who are often not subject to tax and to recognize the frequency of such purchases which are made via mail order or over the internet which are not subject to tax in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.675	$0.712	$0.747	$0.779
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.652	$0.747	$0.779
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.062 - Precious metals and bullion

Assumptions

- The tax base that serves as the foundation of this estimate is based on retail sales deductions reported on the excise tax return for the sales of precious metals and bullion.
- All taxpayers using this exemption are properly reporting the retail sales deduction on their excise tax returns and not just excluding from gross income.
- Growth rates used in this estimate are the same as for all retail sales. The price of precious metals is extremely volatile and no source reliably predicts the price six years into the future.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Sellers and purchases of precious metals and bullion
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.110(2b) - Aluminum master alloys

Description

Producers of aluminum master alloys are processors for hire rather than manufacturers regardless of the portion of aluminum provided by their customers. As a result, producers pay tax on the amount they charge their customers for processing. Manufacturers pay tax on the total value of the finished product.

Purpose

Provides tax relief to producers of aluminum master alloys as they are subject to B&O tax on the amount charged to their customers and not the total value of the finished product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	None
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.120(2a) - Hay cubing

Description

"To manufacture" excludes cubing hay or alfalfa (compacting hay into small cubes for shipping, mainly to foreign markets) for B&O tax purposes. As a result, farmers who compact their own hay or alfalfa into cubes for sale at wholesale, are not subject to B&O tax.

Persons who cube hay or alfalfa for others are subject to the service or wholesaling B&O tax depending on where the activity takes place. Activity taking place on the grower's land is a service, while activity performed elsewhere is a wholesale transaction.

Purpose

Improves competitive position of Washington firms that cube hay for export.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.546	$0.546	$0.546	$0.546
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.501	$0.546	$0.546
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Due to fluctuations in historical data, a zero percent growth rate is used.
- Eleven months of collections in Fiscal Year 2017 due to a July 1, 2017 effective date.

Data Sources

- Department of Revenue excise tax data
- Industry sources

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1997
Primary Beneficiaries:	Hay cubers that
Taxpayer Count:	15
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.120(2a) - Seed conditioning

Description

"To manufacture" excludes seed conditioning for B&O tax purposes.

In addition, wholesale sales to farmers of seed conditioned for use in planting, or conditioning seed owned by others for their planting is exempt from the wholesale B&O tax per RCW 82.04.331. See separate estimate.

Purpose

Encourages seed conditioning businesses to relocate in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.973	$2.076	$2.182	$2.295
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.903	$2.182	$2.295
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Taxpayer will manufacture the seeds in Washington before selling it as a wholesale product.
- Manufacturing of seeds means seeds that used for planting.
- Ninety-five percent of conditioned seeds are from in-state sellers.
- Five percent growth rate reflects the growth of seeds used for planting.

Data Sources

- Washington State Department of Agriculture
- United States Department of Agriculture
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Seed conditioners who manufacture seeds for planting
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.04.120(2b) - Seafood processing

Description

"To manufacture" excludes cutting, grading or ice glazing of seafood that has been cooked, frozen or canned outside of Washington for B&O tax purposes. As a result, persons who perform these activities will not be considered to be manufacturing an activity that is subject to manufacturing B&O tax.

Purpose

To encourage these activities and the associated jobs to take place within Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No revenues would be realized because these processors would still be exempt from B&O tax under RCW 82.04.4269.
- The impact for this exemption is included in the estimate for seafood products manufacturing, RCW 82.04.4269.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1975
Primary Beneficiaries:	Seafood Processors
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.04.120(2d) - Packing agricultural products

Description

Manufacturing B&O excludes the process of packing agricultural products. This includes: sorting, washing, rinsing, grading, waxing, treating with fungicide, packaging, chilling or placing in a controlled atmospheric storage.

Purpose

Clarifies that packing of agricultural products is not a manufacturing activity, and is not eligible for manufacturing tax incentive programs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Revenue impact is bundled under the B&O tax deduction for Processing Horticultural Products (RCW 82.04.4287).

Data Sources

Department of Revenue data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1999
Primary Beneficiaries:	Agricultural industry
Taxpayer Count:	Unknown
Program Inconsistency:	No
JLARC Review:	Not on JLARC review schedule

82.04.120(2e,f) - Computer software and digital goods

Description

Manufacturing B&O tax applies to the production of computer software when the producer transfers the software by means of tangible storage media, but not to software transferred electronically, or to digital goods. These electronically delivered goods are instead subject to B&O tax as retailing, or wholesaling, depending upon the nature of the transaction.

Purpose

To reduce confusion and complications concerning the B&O tax liability incurred by the production and sale of software and digital goods.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. There is no taxpayer savings associated with this definitional clarification.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The assumed effective date is July 1, 2016.

Data Sources

Department of Revenue Interpretations and Technical Advice Division

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	Software, 2003; digital goods, 2009
Primary Beneficiaries:	Sellers of electronically delivered goods and software
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.04.240(2) - Semiconductor materials manufacturing after $1 billion investment

Description

Businesses manufacturing semiconductor materials are subject to B&O tax at a rate of 0.275 percent, instead of the general manufacturing rate of 0.484 percent. The lower tax rate is contingent upon commencement of commercial operations by a new semiconductor microchip fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars. The lower rate expires 12 years after the effective date.

This tax incentive does not have an effective date because the required investment has not occurred.

Purpose

To encourage retention of existing semiconductor firms in Washington while attracting similar businesses to this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Information is from Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None, the contingency criterion has not been met
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.2403 - Fish cleaning

Description

Cleaning fresh fish is exempt from B&O tax. Cleaning means removing the head, fins, or viscera from the fish without further processing, other than freezing.

Purpose

To support the fishing industry by reducing the cost of doing business.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.019	$0.019	$0.019	$0.019
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.018	$0.019	$0.019
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Assume 1/2 of freshwater fish commercially harvested are cleaned while the other half are processed.
- No growth due to volatility of fish harvests from year to year.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- http://www.st.nmfs.noaa.gov/commercial-fisheries/index
- Washington Ag Statistic stats for trout farming

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1994
Primary Beneficiaries:	A small number of firms that harvest fresh fish
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.04.2404 - Semiconductor materials manufacturing - preferential rate

Description

Businesses manufacturing or processing for hire semiconductor materials receive a preferential B&O tax rate of 0.275 percent. All other manufacturers pay tax at a rate of 0.484 percent. The reduced rate was contingent upon industry investment in new buildings and equipment of at least $350 million dollars, which occurred on December 1, 2006. The preferential rate expires December 1, 2018.

Purpose

To encourage the retention of existing semiconductor firms and attract similar businesses to Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This data is confidential because there are fewer than three taxpayers reporting this exemption.
- Growth rate will mirror the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Currently expires December 1, 2018, with six months of taxpayer savings in Fiscal Year 2019.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Busineses that manufacture or process for hire semiconductor materials
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.250(3) - Certified aircraft repair firms

Description

Until July 1, 2040, qualified aircraft repair facilities certified by the Federal Aviation Administration as a "FAR part 145" repair facility receive a reduced B&O tax rate of 0.2904 on retail sales and repairs made to airplanes exempt from tax under RCW 82.08.0261, 82.08.0262, or 82.08.0263.

Businesses reporting under this tax rate must file a complete annual report with the Department of Revenue. If there were no special rate, these businesses would be subject to the 0.471 retailing of interstate transportation equipment rate.

Purpose

To encourage the airplane repair industry presence in the State of Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.546	$0.571	$0.597	$0.624
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.523	$0.597	$0.624
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Far Part 145 Repair Stations
Taxpayer Count:	34
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.255 - Shared real estate commissions

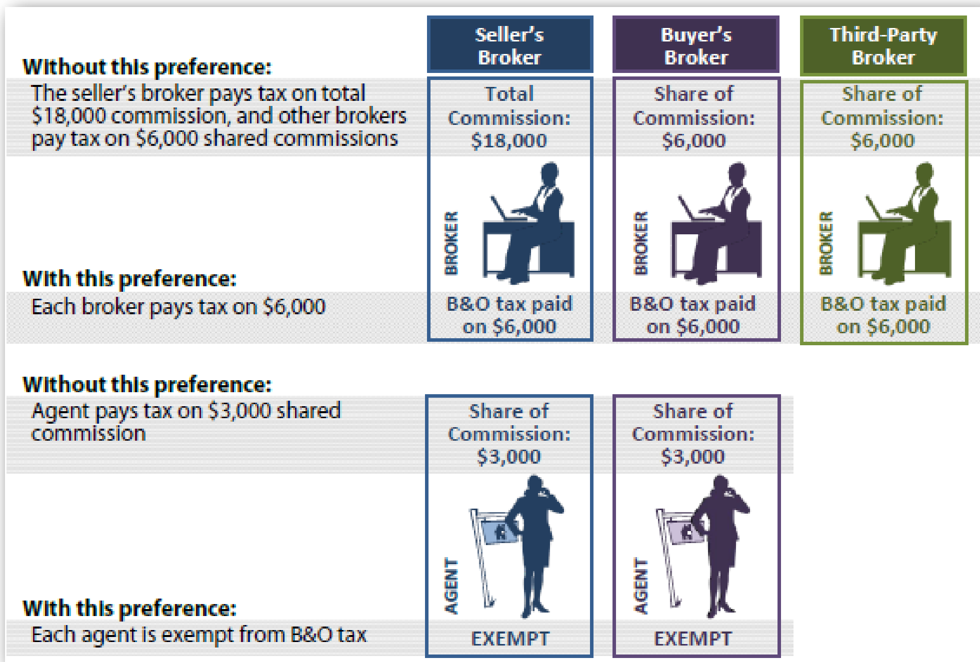
Description

Real estate brokerage offices pay tax only on their share of commissions when two or more brokerage offices participate in a transaction, even if one firm is located out of state. Individual associate brokers and salespersons are not subject to B&O tax where the brokerage office pays tax on the gross commission.

Purpose

To eliminate pyramiding of B&O tax on shared commissions.

Real Estate Sales Involve Multiple Transactions



Source: JLARC analysis of tax law.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$33.690	$34.660	$35.650	$36.670
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$31.772	$35.650	$36.670
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.255 - Shared real estate commissions

Assumptions

- Not all real estate transactions are brokered.
  - In 2010, *For Sale by Owner* transactions accounted for 9 percent of home sales.
  - Other types of sales are not always brokered either - like family sales.
- This estimate assumes 84 percent of sales are brokered by two or more real estate agents or brokers.
- Average growth rate in real estate excise tax (REET) collections is calculated using a 15 year average and equals 2.9 percent annually. Fifteen years of data was used in an effort to balance out the pre-recession real estate bubble and the limited real estate activity post-recession.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Department of Revenue REET collection data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1970
Primary Beneficiaries:	Real estate brokers and agents
Taxpayer Count:	2,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.04.260(11) - Commercial airplane manufacturing

Description

Manufacturers of commercial airplanes or components of commercial airplanes, as well as tooling used in the production of commercial aircraft receive a preferential B&O tax rate of 0.2904 percent. The general tax rate for manufacturing is 0.484 percent. This preferential rate expires July 1, 2040.

Purpose

Encourage the assembly of commercial airplanes in the State of Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$120.724	$126.329	$132.081	$137.999
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$115.802	$132.081	$137.999
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Commercial airplane manufacturing companies
Taxpayer Count:	348
Program Inconsistency:	Nove evident
JLARC Review:	JLARC completed a full review in 2014

82.04.260(12) - Timber and wood products extracting or manufacturing

Description

Persons extracting or manufacturing timber and selling timber and wood products at wholesale receive a preferential B&O tax rate of 0.2904 percent (.3424 after including .052 surcharge to finance riparian habitat). Previously these activities were subject to a B&O tax rate of 0.484 percent. This preferential tax rate expires July 1, 2024.

Purpose

Encourage firms in the timber industry to continue to do business in the State of Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$19.884	$20.808	$21.755	$22.730
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$19.074	$21.755	$22.730
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Timber Industry
Taxpayer Count:	1,117
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.260(13) - Canned salmon services

Description

Businesses that inspect, test, label, or store canned salmon owned by another business receives a preferential B&O tax rate of 0.484 percent. These activities were previously subject to the service and other activities rate of 1.5 percent.

Purpose

To provide tax relief for firms that provides services for salmon canners.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Firms that provide services for Salmon canners
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.04.260(14) - Printing and publishing newspapers

Description

Businesses in the newspaper industry receive a preferential B&O tax rate for engaging in the business of printing a newspaper, publishing a newspaper, or both. This B&O tax rate is 0.35 percent until July 1, 2024, at which time the rate increases to 0.484 percent.

The definition of "newspaper" for B&O tax purposes includes electronic versions of a printed newspaper. Advertising and subscription revenues generated from the online version of a printed newspaper are also taxed at the preferential rate.

Without this exemption the B&O tax rates would be:

- 0.484 percent for print advertising revenues,
- 1.5 percent for digital advertising revenues,
- 0.484 percent for print subscription revenues, and
- 0.471 percent for digital subscription revenues.

Purpose

Assist the newspaper industry by providing relief to sustain business activity in the State of Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.105	$1.105	$1.105	$1.105
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.013	$1.105	$1.105
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Newspaper income taxed under preferential rate during Fiscal Year 2014 equals $511.4 million.
- There is no growth in revenues.
  - 8.15 percent of revenues are from online digital advertising.
  - 56.59 percent of revenues are from print advertising.
  - 5.29 percent of revenues are from digital only subscriptions.
  - 29.97 percent of revenues are from print or print/digital bundled subscriptions.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

82.04.260(14) - Printing and publishing newspapers

Data Sources Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	The Newspaper Industry
Taxpayer Count:	120
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.04.260(1a) - Flour and oil manufacturing

Description

Manufacturers of flour, pearl barley, soybean oil, canola oil, canola meal, canola byproducts, and sunflower oil receive a preferential B&O tax rate of 0.138 percent. The general tax rate for manufacturing in 0.484 percent.

Purpose

Provides tax relief to agricultural processing firms that are unable to pass the total cost to final consumers because of a highly competitive market structure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.071	$0.074	$0.077	$0.081
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.068	$0.077	$0.081
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1949
Primary Beneficiaries:	Flour & oil manufacturers
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.260(1b) - Seafood products manufacturing

Description

A preferential B&O tax rate of 0.138 percent is provided to:

- Manufactures of seafood products that remain in a raw, raw frozen or raw salted state at the completion of the manufacturing process.
- Sellers of manufactured seafood products that remain in a raw, raw frozen or raw salted state at the completion of the manufacturing to purchasers who transport the seafood products out of this state.

The general tax rate for manufacturing is 0.484 percent.

Purpose

To provide tax relief to firms, create and retain quality jobs, and consistent tax treatment with other fresh food processors.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.890	$1.978	$2.068	$2.161
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.813	$2.068	$2.161
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Tax Incentive Public Disclosure Annual Survey Reports
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2012
Primary Beneficiaries:	Seafood manufacturers
Taxpayer Count:	43
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.04.260(1c) - Dairy products manufacturing

Description

Manufacturers and wholesalers of dairy products and by-products receive a preferential B&O tax rate of 0.138 percent. The general tax rate for manufacturing is 0.484 percent.

Purpose

To provide tax relief for firms that cannot pass the total cost to final consumers because of a highly competitive market structure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.688	$3.840	$3.997	$4.161
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.520	$3.997	$4.161
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate is the compound annual rate of the Tax Incentive Public Disclosure Reports for dairy product wholesalers and manufacturers from 2009 - 2013.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Tax Incentive Public Disclosure Annual Survey Reports
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2012
Primary Beneficiaries:	Dairy manufacturers & wholesalers
Taxpayer Count:	14
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.260(1d) - Fruit and vegetable manufacturing

Description

Manufacturers and wholesalers (selling for interstate transport) of fruit or vegetable products that are canned, preserved, dehydrated or frozen receive a preferential B&O tax rate of 0.138 percent. The general tax rate for manufacturing is 0.484 percent.

Purpose

To impose impartial treatment of fruit and vegetable processors with other fresh food processors.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$12.330	$12.694	$13.068	$13.454
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$11.636	$13.068	$13.454
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate is the compound annual rate of the Tax Incentive Public Disclosure Reports for fruit and vegetables processors from 2009 - 2013.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Tax Incentive Public Disclosure Annual Survey Reports
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2012
Primary Beneficiaries:	Processors of fruits and vegetables
Taxpayer Count:	185
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.260(1f) - Wood biomass fuel manufacturing

Description

Wood biomass fuel manufacturers receive a preferential B&O tax rate of 0.138 percent. The general tax rate for manufacturing is 0.484 percent.

Purpose

Encourage the production of alternative fuels in the State of Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three businesses are currently benefiting from this lower B&O tax rate; therefore, the revenue impact is confidential.

Data Sources

- Department of Revenue excise tax data
- Biomass Magazine: http://biomassmagazine.com/plants/listplants/biomass/US/page:1/sort:capacity/

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Wood biomass maufacturers
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.260(2) - Dried pea processors

Description

Businesses that split or process dried peas receive a preferential B&O tax rate of 0.138 percent. The general tax rate for manufacturing is 0.484 percent.

Purpose

To provide tax relief to firms unable to pass the total cost to consumers because of a highly competitive market structure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1967
Primary Beneficiaries:	Dried Pea Processors
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.260(3) - Nonprofit research and development

Description

Nonprofit corporations and nonprofit associations doing research and development within the state receive a preferential B&O tax rate of 0.484 percent. The general tax rate for services is 1.5 percent.

Purpose

Support the advancement of nonprofit research and development activities

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are fewer than three businesses currently benefiting from this lower B&O tax rate; therefore the revenue impact is confidential.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1965
Primary Beneficiaries:	Non profit corporation & associations
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.260(4) - Meat processors

Description

Persons in the business of wholesaling, slaughtering, breaking and/or processing perishable meat products receive a preferential B&O tax rate of 0.138 percent. The general tax rate for manufacturing is 0.484 percent.

Purpose

Provide tax relief to firms not able to pass the total cost to consumers because of a highly competitive market structure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$22.639	$23.690	$24.769	$25.879
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$21.716	$24.769	$25.879
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1967
Primary Beneficiaries:	Meat processors
Taxpayer Count:	321
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.04.260(5) - Travel agents and tour operators

Description

Travel agents and tour operators receive a preferential B&O tax rate of 0.275 on income received, rather than the 1.5 percent tax rate for services.

Purpose

Achieves simplicity by taxing travel agents and tour operators in the same manner.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.836	$6.107	$6.385	$6.671
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.598	$6.385	$6.671
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate will mirror the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1975
Primary Beneficiaries:	Travel Agents and Tour Operators
Taxpayer Count:	517
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.260(6) - International charter and freight brokers

Description

International steamship agents, international customs house brokers, international freight forwarders, vessel or cargo charter brokers in foreign commerce, and international air cargo agents receive a preferential B&O tax rate of 0.275 percent on income received. Persons conducting charter and freight brokering activities domestically do not qualify for the preferential rate and instead pay the 1.5 percent tax rate for services.

Purpose

To encourage international trade through Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$6.230	$6.567	$6.897	$7.237
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.020	$6.897	$7.237
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate will mirror the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	International Charter and Freight Brokers
Taxpayer Count:	211
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.260(7) - Stevedoring

Description

Income received from stevedoring and similar cargo handling activities receive a preferential B&O tax rate of 0.275 percent, rather than the 1.5 percent tax rate for services. Stevedores load and unload cargo from ships.

Purpose

To encourage international trade through Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$8.424	$8.879	$9.326	$9.785
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this preferential rate would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$8.139	$9.326	$9.785
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate will mirror the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Stevedoring
Taxpayer Count:	29
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2012

82.04.260(9) - Insurance producers, title insurance agents, and surplus line brokers

Description

Insurance producers, title insurance agents, and surplus line brokers receive a preferential B&O tax rate of 0.484 percent on income received, rather than the 1.5 percent tax rate for services.

Purpose

Reduces the impact of B&O surtaxes on insurance contractors because they were unable to raise commissions to cover tax increases in the short term.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$24.321	$25.636	$26.925	$28.251
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this preferential rate would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$23.500	$26.925	$28.251
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate will mirror the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1983
Primary Beneficiaries:	Insurance producers, title insurance agents, and surplus line brokers
Taxpayer Count:	4,900
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.263 - Radioactive waste cleanup

Description

Persons in Washington engaging in the business of cleaning up radioactive waste and other by-products of weapons production and nuclear research and development for the United States, or its instrumentalities, receive a preferential B&O tax rate of 0.471 percent.

Purpose

Encourages the clean-up of radioactive waste at the Hanford site, which is crucial to the environment in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$27.800	$27.800	$27.800	$27.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$25.500	$27.800	$27.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Without this preference, the activity would be taxed at 1.5 percent.
- Average of $2.7 billion in taxable income annually.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Radioactive waste cleanup businesses
Taxpayer Count:	250
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.04.272 - Prescription drug resellers

Description

Businesses registered with the Federal Drug Enforcement Administration and licensed by the Pharmacy Quality Assurance Commission that warehouse and resell prescription drugs receive a preferential B&O tax rate of 0.138 percent, rather than the general wholesaling tax rate of 0.484 percent.

Purpose

To provide tax relief to firms that experience low profit margins and to encourage resellers of prescription drugs to relocate to Washington State.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$17.524	$18.337	$19.172	$20.031
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$16.809	$19.172	$20.031
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate will mirror the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	Prescription Drug Resellers
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.04.280 - Rental of real estate

Description

In 1935 RCW 82.04.390 included the prohibition against taxing income from the rental of real estate. In 1959 RCW 82.04.280 was amended to subject the rental of real estate to B&O tax at a rate of 0.25 percent. The following year the State Supreme Court ruled the tax to be unconstitutional in Apartment Operators Association of Seattle v. Schumacher, 56 Wn. 2d 46 (1960). The Washington Supreme Court later questioned the validity of Schumacher, but never specifically overturned the holding. RCW 82.04.280 does not explicitly provide an exemption, but it does not include the activity in the list of those subject to tax.

Purpose

The Court held that the B&O tax on rental income constituted a tax on property. The State Constitution requires that property taxes be levied uniformly and the B&O tax, in addition to property taxes, would result in non-uniform taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$61.631	$64.644	$67.287	$69.769
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Taxing real estate rental income would directly challenge Washington Supreme Court precedent and likely lead to another court challenge. Based on subsequent decisions by the court, the court may overturn Schumacher leading to an increase in revenue, but it is just as likely for the court to uphold Schumacher leading to no increase in revenue.

Continued

82.04.280 - Rental of real estate

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.704	$17.495	$36.280
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Residential real estate includes non-apartment dwellings and manufactured/mobile homes. It is assumed that the small business credit available for service activities will be greater than or equal to the tax due for the residential rental income for these taxpayers. Therefore no revenue will be gained by repealing the exemption on residential real estate, but many of these taxpayers may still be required to register with the Department.
- Commercial real estate includes buildings and dwellings that have not been defined as residential real estate, this includes apartment buildings. All revenue reflected in this estimate is associated with commercial real estate income.
- The growth rate for revenue generated from repealing this exemption mirrors a combination of personal income growth and the change in the number of multi-family, manufacturing, and commercial parcels in Washington State.
- There is significant litigation risk associated with this proposal which is reflected in the compliance rates.
- Compliance:
  - 13 percent revenue collections in Fiscal Year 2017,
  - 26 percent revenue collections in Fiscal Year 2018,
  - 52 percent revenue collections in Fiscal Year 2019, and thereafter.
- Eleven months of cash collections in Fiscal Year 2017 due to the July 1, 2016 effective date.

Data Sources

- 2012 Economic Census, Real Estate and Rental and Leasing: Geographic Area Series
- County Assessor data
- Economic and Revenue Forecast Council, February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	By statute in 1935, by court decision in 1960
Primary Beneficiaries:	Rental property owners
Taxpayer Count:	25,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.04.280(1f) - Radio and TV broadcasting

Description

Radio and television broadcasters may claim a B&O tax deduction for:

(1) income received from network, national, and regional advertising, and
(2) the portion of local advertising revenue represented by their out-of-state audience.

Purpose

The deduction reflects a perception that broadcasts which cross the state's boundaries and advertising income derived from outside the state may constitute interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.000	$1.000	$1.000	$1.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue, unless the tax would be considered as interfering with interstate commerce.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.900	$1.000	$1.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Average annual deduction will be $200 million.
- The 0.484 percent B&O tax rate is the measure of tax savings.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data, line 11, deduction code 1109

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1967
Primary Beneficiaries:	Interstate broadcasters
Taxpayer Count:	65
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.04.290(1) - International investment management services

Description

Firms engaged in providing international investment management services are allowed a preferential B&O tax rate of 0.275 percent, compared with the general service rate of 1.5 percent.

Purpose

To retain international investment management services within the state. Such firms could easily move to a location outside of Washington

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$17.742	$18.904	$19.949	$21.007
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, taxpayers can move this activity out of state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$17.329	$19.949	$21.007
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on recent data, current growth rates are assumed to be 8.8 percent; growth is assumed to decline by Fiscal Year 2018 to the rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast for B&O service activities.
- Taxpayers who have recently had their past refund requests granted, but who have not been paying the IIMS rate, will begin to file at the IIMS rate.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast
- Department of Revenue audit data

Continued

82.04.290(1) - International investment management services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Taxpayers providing international investment management services
Taxpayer Count:	140
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.04.290(3) - Aerospace product development

Description

Firms that develop aerospace products for others pay a preferential B&O tax rate of 0.9 percent, as compared to the general services rate of 1.5 percent. The preferential rate expires on July 1, 2040.

Purpose

To provide an incentive for firms developing aerospace products, such as engineering and design firms. These firms don't engage in actual manufacturing or repair of commercial aircraft and therefore cannot take advantage of other aerospace incentives.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.837	$1.979	$2.090	$2.207
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.814	$2.090	$2.207
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate used is the "industrial production index for aerospace products and parts" from the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	Firms engaged in aerospace product development
Taxpayer Count:	108
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.04.2905 - Child care

Description

Firms engaged in providing child care receive a preferential B&O tax rate of 0.484 percent, compared with the general services tax rate of 1.5 percent.

Notes:
- Churches that provide child care for periods of less than 24 hours are exempt from B&O tax under RCW 82.04.339.
- The care of children up to the age of eight is exempt from B&O tax under RCW 82.04.4282.
- The impacts of these exemptions are in separate estimates.

Purpose

Reduces the cost of child care for families and reduces the tax burden for an industry with low profit margins.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.978	$1.032	$1.082	$1.129
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.946	$1.082	$1.129
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	Businesses providing child care
Taxpayer Count:	1447
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.2906 - Chemical dependency treatment

Description

Taxpayers who provide intensive in-patient or residential recovery treatment services for chemical dependency are subject to B&O tax at a rate of 0.484 percent, rather than the rate of 1.5 percent. The lower tax rate applies only to receipts from governmental sources. To qualify, the firm must be certified by the Department of Social and Health Services.

Purpose

To support the firms providing such services and in turn improve the general welfare of the community; to provide a preferential rate similar to the preferential rate provided for certain nonprofit activities important to the state, such as research and development.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.169	$0.177	$0.186	$0.195
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.162	$0.186	$0.195
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base growth of 5 percent a year.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Department of Social and Health Services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Entities providing treatment for chemical dependency
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.2908 - Assisted living facilities

Description

Licensed assisted living facilities providing room and domiciliary care to residents receive a reduced B&O tax rate of 0.275 percent on business income. The standard service rate is 1.5 percent.

Domiciliary care means assistance with activities of daily living provided by the assisted living facility either directly or indirectly; or health support services, if provided directly or indirectly by the assisted living facility; or intermittent nursing services, if provided directly or indirectly by the assisted living facility.

Purpose

Makes the taxation of assisted living facilities similar to the treatment of nursing homes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.751	$9.751	$9.751	$9.751
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$8.939	$9.751	$9.751
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on conversations with the Department of Social and Health Services the growth rate will be zero.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax return data
- Department of Social and Health Services

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Assisted living facilities
Taxpayer Count:	381
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.2909 - Aluminum manufacturing and wholesaling

Description

A reduced tax rate of 0.2904 percent applies to manufacturing and wholesaling of aluminum. This special tax rate expires on January 1, 2027. If there were no special rate, the manufacturing rate would be 0.484 percent.

Purpose

Provides tax relief to the aluminum industry by providing a reduced B&O rate to manufacturers, processors for hire, and wholesalers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	The aluminum industry
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.294 - Solar energy and silicon product manufacturers

Description

The B&O tax rate on manufacturing of solar energy systems or the production of silicon components of these systems is 0.275 percent until June 30, 2017. If there were no special rate, the manufacturing rate would be 0.484 percent.

Note: Firms that utilize this special tax rate must file annual reports with the Department detailing employment, wages paid, and employee benefits.

Purpose

To support the solar electric industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.778	$0.809	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.742	$0.070	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Four percent growth rate.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- June 30, 2017 expiration date, with one month of collections in Fiscal Year 2018.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Manufacturers of solar electric systems and silicon components
Taxpayer Count:	8
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.298(2) - Grocery distribution co-ops

Description

Qualified grocery cooperatives that do not make wholesale sales may deduct from the gross proceeds of sales of groceries for resale the cost of goods sold that represents the actual cost of the merchandise sold to its customer-owners. However, commission income is subject to tax under the service classification.

Purpose

To provide a deduction for qualified grocery cooperatives on goods distributed to its members when the cooperative retains the title to the goods.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Less than three co-ops benefit from this exemption and therefore the impact cannot be disclosed.

Data Sources

Department of Revenue taxpayer data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Grocery cooperatives
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.310(1) - Public utilities

Description

Business activity that is subject to the state public utility tax is exempt from B&O tax.

Purpose

To guarantee that income subject to the public utility tax is not also subject to the B&O tax, because the utility tax is in lieu of B&O tax. Public service businesses are taxable under the B&O tax for income derived from activities that are not subject to utility tax, e.g. retail sales of tangible personal property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$61.000	$63.400	$66.400	$69.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$58.100	$66.400	$69.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rates are from the Economic & Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Income will be taxed twice, once for PUT and once for B&O.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Private and municipal utilities and transportation providers
Taxpayer Count:	12,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.04.310(2) - Electricity sales for resale

Description

B&O tax does not apply to amounts received by any person for the sale of electrical energy purchased for resale within or outside of the state.

Purpose

With deregulation of the electrical energy market firms other than light and power businesses are selling electricity. This exemption parallels the public utility tax exemption for electricity for resale. The sale of electricity to the consumer is the taxable transaction.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This information is confidential because there are fewer than three taxpayers that qualify for this exemption.

Data Sources

- The United States Department of Commerce's Energy Information Administration, form 861
- Department of Revenue Sources

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2000
Primary Beneficiaries:	Power marketers selling electricity under contract to other entities
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.04.310(3) - Natural gas surplus sales

Description

Sales of natural or manufactured gas are exempt from B&O tax if the person sells within the United States a total amount of natural or manufactured gas that is no more than twenty percent of the amount of natural or manufactured gas they consumed within the United States within the same calendar year.

Purpose

Allows large industrial users who are not in the business of selling natural gas to sell back unused gas without incurring B&O tax liability.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Revenue impact is minimal.

Data Sources

United States Energy Information Administration, Natural Gas Consumption by End Use, http://www.eia.gov/dnav/ng/ng_cons_sum_dcu_swa_a.htm

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2007
Primary Beneficiaries:	Businesses using natural gas in industrial processes
Taxpayer Count:	Unknown, varies each year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.311 - Tobacco Settlement Authority

Description

Income received by the Tobacco Settlement Authority (Authority) under chapter 43.340 RCW is exempt from B&O tax. The Authority has certain financing powers under chapter 43.340 RCW, including the issuance of bonds to pay for purchasing a portion of the amounts due to the state under the Master Settlement Agreement. The interest and gain on those bonds would otherwise be subject to B&O tax but for this exemption.

Purpose

Recognizing that the Authority is a public instrumentality of the state and is not engaged in conducting an enterprise activity.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Although the only affected entity is a quasi-governmental agency, the impact of the exemption cannot be disclosed, since there is only one potential taxpayer.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2002
Primary Beneficiaries:	The Authority and indirectly, citizens of the state
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.315 – International banking facilities

Description

International banking facilities in Washington receive a B&O tax exemption for income. An international banking facility is:

- a branch of a foreign bank,
- a set of accounts segregated by a commercial bank for international banking,
- an Edge corporation under the Federal Reserve Act, or
- certain Agreement corporations under the Federal Reserve Act.

Purpose

Encourages international trade through banks in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.800	$6.770	$7.820	$8.610
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.200	$7.820	$8.610
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth mirrors the forecast by Global Insight's Division of IHS, Inc. of composite lagged interest rates for generating personal income.
- Repealed effective July 1, 2016 impacting 11 months of collections in Fiscal Year 2017.

Data Sources

- United States Census Bureau, state population estimates
- Federal Reserve System data for the assets and liabilities of United States branches and agencies of foreign banks
- Global Insight Division of IHS, Inc February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1982
Primary Beneficiaries:	International Banking Facilities
Taxpayer Count:	100
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.04.317; 82.04.422(1) - Wholesale auto auctions

Description

Motor vehicle manufacturers, their financing subsidiaries (must be at least 50 percent owned by the manufacturer), and vehicle dealers licensed under chapter 46.70 RCW are exempt from wholesaling B&O tax on their wholesale sales of motor vehicles if the sales take place at a wholesale auto auction and the purchaser is a vehicle dealer licensed under chapter 46.70 RCW.

Purpose

To encourage out-of-state auto manufacturers to sell their rental and lease return vehicles and other surplus vehicles at wholesale auctions conducted in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.410	$1.468	$1.513	$1.534
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.346	$1.513	$1.534
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the automobile sales growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Car dealers/auctioneers
Taxpayer Count:	270
Program Inconsistency:	None
JLARC Review:	JLARC is reviewing in 2014

82.04.320 - Insurance premiums

Description

Income subject to the state insurance premiums tax is exempt from B&O tax.

Purpose

To avoid subjecting insurance premiums to more than one state business tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$584.000	$614.000	$644.000	$677.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue if RCW 48.14.080 is also amended to allow B&O taxation of premium income.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$563.000	$644.000	$677.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base (premiums) growth of 5 percent a year.
- Premiums can be subject to both Insurance and B&O taxes.
- The 1.5 percent B&O tax rate is the measure of tax savings.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Insurance companies and ultimately policyholders
Taxpayer Count:	1,700
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.04.322 - Health maintenance organizations

Description

Health maintenance organizations, health care service contractors and certified health plans are exempt from B&O tax on income subject to the state insurance premiums tax.

Purpose

To avoid subjecting insurance premiums to more than one state business tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$237.400	$252.800	$269.200	$286.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue if RCW 48.14.080 were also amended to allow B&O taxation of premium income.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$231.700	$269.200	$286.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base (premiums) growth of 6.5 percent a year.
- The activity will also be subject to the insurance premiums tax.
- Under the B&O tax, there will not be a deduction for payments to providers that existed prior to 1993.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1993
Primary Beneficiaries:	HMOs, HCSCs and CHPs and their members
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.04.323 - Health Benefit Exchange

Description

Amounts received by the Washington Health Benefit Exchange (WHBE) are not subject to B&O taxes. Established as a private-public partnership under RCW 43.71, the WHBE operates the on-line marketplace that provides access to qualified health insurance plans. Amounts received by the WHBE include federal grants, federal premium tax subsidies and credits, charges to health carriers, and enrollee-paid premiums. This exemption expires July 1, 2023.

Purpose

To reduce the WHBE's operating costs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Washington State Health Benefit Exchange

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	Washington health benefit exchange
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.04.324 - Nonprofit blood, bone and tissue banks

Description

Qualifying nonprofit blood or tissue banks or qualifying blood and tissue banks receive a B&O tax exemption from income to the extent the amounts are exempt from federal income tax. A qualifying nonprofit blood or tissue bank means an exempt organization that is registered pursuant to 21 C.F.R., part 1271 and whose primary business purpose is the recovery or collection, preparation, testing or processing of blood; storage, labeling, packaging or distribution of human bone tissue and similar ligament tissue. Until July 1, 2016 this exemption will also apply to nonprofit organizations that provide services on behalf of other qualifying blood banks or qualifying blood and tissue banks.

Purpose

To support the activities of these entities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers report benefits from this exemption; therefore, the revenue impact may not be disclosed.

Data Sources

- National Center For Charitable Statistics
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit blood, bone or tissue banks
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.04.326 - Organ procurement

Description

Qualified nonprofit organ procurement organizations receive a B&O tax exemption on income that is exempt from federal income tax.

Purpose

To extend the same tax treatment available to blood, bone and tissue banks.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Without contacting the two businesses that receive this exemption directly there is no information available to complete an estimate.
- The revenue impact of this exemption is indeterminate, and has fewer than three taxpayers.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2002
Primary Beneficiaries:	Nonprofit organizations that locate and obtain human organs for transplant operations
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.327 - Adult family homes

Description

Homes that provide a protected family-like environment for adult clients with developmental, physical or other disabilities are exempt from B&O tax. To qualify the home must be:

- licensed as an adult family home, or
- exempt from licensing under rules of Department of Social and Health Services.

Purpose

Reduces the cost of operating adult family homes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.048	$3.048	$3.048	$3.048
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.794	$3.048	$3.048
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Washington State Department of Social and Health Services

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1987
Primary Beneficiaries:	Adult family homes
Taxpayer Count:	2,770
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.330; 82.04.100 - Christmas tree producers

Description

Farmers who grow Christmas trees on a plantation using agricultural production methods are exempt from the extracting and wholesaling B&O tax. Retail sales of plantation Christmas trees by farmers are subject to retailing B&O and retail sales taxes.

Purpose

Recognizes that production of Christmas trees is similar to other agricultural production.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.197	$0.195	$0.193	$0.192
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.179	$0.193	$0.192
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Negative 1.0 percent growth rate of is the average Production Value of Calendar Years 2010, 2011 and 2012 as previous years were influenced by the Great Recession.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

United States Department of Agriculture, National Agricultural Statistics Service

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Christmas Tree Farmers
Taxpayer Count:	639
Program Inconsistency:	No
JLARC Review:	JLARC completed an expedited review in 2015

82.04.330 - Agricultural producers

Description

Farmers who grow, raise, or produce agricultural products for sale at wholesale are exempt from B&O tax.

Agricultural products, as defined in RCW 82.04.213, includes any product of plant cultivation or animal husbandry, plantation Christmas trees, animals, birds, insects and fish, as well as the products obtained from animals, such as eggs, milk and honey. It does not include marijuana, useable marijuana, or marijuana-infused products.

Purpose

To aid an industry that was severely depressed in 1935 when the exemption was enacted. The exemption recognizes the low profit margins and high transportation costs faced by most farmers. Furthermore, farmers in Washington have little ability to affect the prices for their products which are determined by national markets, so they cannot pass on the tax to their customers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$51.800	$53.900	$56.100	$58.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Continued

82.04.330 - Agricultural producers

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$49.400	$56.100	$58.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- 90% of value of production would be taxable without the exemption.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- United States Department of Agriculture Ag Census
- United States Department of Agriculture, National Agricultural Statistics Service (NASS)

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1935
Primary Beneficiaries:	Large agricultural producers
Taxpayer Count:	10,000 to 12,000
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2008

82.04.331 - Conditioned seed wholesaling

Description

Wholesale sales to farmers of conditioned seeds used for planting are exempt from B&O tax. The exemption also applies to conditioning seed owned by other persons.

The exemption excludes seeds packaged for retail sale, “flower seeds” or “vegetable seeds” as defined in RCW 15.49.011, seeds or portions of plants used to grow marijuana, ornamental flowers, shrubs, trees, ferns or mosses.

Purpose

Assist firms that provide seed used in commercial agriculture.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.892	$0.940	$0.990	$1.043
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.862	$0.990	$1.043
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Assume that 95 percent of conditioned seed purchased is from a WA seller
- Growth rate reflects the growth rate of farmers' expense for seeds in the 2012 US Department of Agriculture Farming Census for Washington.
- Fifty eight percent of crop production is from conditioned seed that qualifies for wholesale exemption

Data Sources

United States Department of Agriculture- 2012 Farming Census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1998
Primary Beneficiaries:	Wholesalers of conditioned seeds used for planting
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.332 - Grain and unprocessed milk wholesaling

Description

Wholesale sales of unprocessed milk and various types of grain and other agricultural products, including wheat, oats, barley, dry peas, dry beans, lentils and triticale, are exempt from B&O tax. The exemption does not extend to wholesale sales of products manufactured from these products. Farmers who produce and sell such items at wholesale are already exempt under RCW 82.04.330.

Purpose

To assist agriculture.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.100	$7.200	$7.200	$7.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.600	$7.200	$7.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Average annual wholesale sales of grain and unprocessed milk total $1.5 billion.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1998
Primary Beneficiaries:	Agricultural businesses
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.04.333 - Small timber harvesters

Description

Small timber harvesters (generally anyone who harvests less than 2 million board feet in a calendar year) may deduct up to $100,000 per tax year from their gross receipts or value of products proceeding or accruing from timber harvested. Effectively, small timber harvesters are taxable only on activity in excess of $100,000 per tax year.

Purpose

To support small harvesters.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.056	$0.056	$0.057	$0.058
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.051	$0.057	$0.058
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Annual growth of one percent a year.
- The 0.3424 percent B&O tax rate is the measure of tax savings.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Small timber harvesters
Taxpayer Count:	185
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.04.334 - Standing timber exclusion

Description

Sales of standing timber excluded from the definition of "sale" in RCW 82.45.010(3) for purposes of Real Estate Excise Tax are exempt from the B&O tax.

Purpose

To support the State's timber industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The exempted amounts are non-monetary transactions. No data exists for the value of exempted timber. Therefore, the impact of this tax preference is indeterminate.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Integrated wood products companies and real estate investment trusts
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.04.335 - Agricultural fairs

Description

Organizations that conduct agricultural fairs are exempt from B&O tax if no part of earnings inures to any stockholder or member of the association.

Income from admissions to specific exhibits, entertainment or other business activities conducted with the fairgrounds by third party concessionaires is taxable.

Purpose

Supports agricultural fairs by reducing the costs to run the fairs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.585	$0.591	$0.597	$0.603
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.542	$0.597	$0.603
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- One percent growth per year.

Data Sources

- Washington State Fairs Association
- County fair websites

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1965
Primary Beneficiaries:	County or community fairs or youth livestock shows
Taxpayer Count:	70
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.337 - Hops processed and exported

Description

The sale of hops that are processed into extract, pellets or powder in this state and then shipped outside the state for first use are exempt from B&O tax. Income received for processing or warehousing hops is not exempt from the tax.

Purpose

Recognizes that processing of hops into extract, pellets or powder is merely to facilitate shipment of the product and eliminates it from manufacturing B&O tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.940	$1.940	$1.940	$1.940
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.775	$1.940	$1.940
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- In 2014, Washington farms produced approximately 71 million pounds of hops.
- There is consistent hop production per year, so no annual growth.
- Over 95 percent of hops are processed into extract or pellets.
- About 98 percent of the processed hops are exported outside of Washington.
- The farm-gate value of Washington hops in 2014 was $3.89 per pound.
- The value of processed hops is approximately 150% of farm gate value.
- The processed value of exported hops is about $400 million per year.

Data Sources

- Washington Hop Commission
- United States Department of Agriculture - National Hop Report issued in December 2014

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Hop producers and merchants
Taxpayer Count:	10
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.338 - Hop Commission services

Description

Nonprofit organizations are exempt from B&O tax on income earned from business activities performed for a hop commodity commission or hop commodity board.

Purpose

Supports the hop industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.021	$0.021	$0.021	$0.021
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase state revenues. Organizations doing business with the Hop Commission would be subject to B&O tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.019	$0.021	$0.021
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There is one nonprofit organization that performs work for the Hop Commission.
- The value of the work performed is $139,000 per year.
- Amount of services performed will be constant.
- Per the Hop Commission, the service amount is not confidential.

Data Sources

Washington Hop Commission

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1998
Primary Beneficiaries:	Nonprofits doing services for the Hop Commission
Taxpayer Count:	1
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.339 - Church child care

Description

B&O tax does not apply to churches that provide child care for periods of less than 24 hours. The church must be exempt from property tax under RCW 84.36.020 to qualify.

Purpose

Reduces the cost of operating such facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.784	$0.788	$0.830	$0.873
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.094	$0.216	$0.340
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.
- This group of taxpayers are currently not registered with the department, therefore reporting compliance is expected to be:
  - 13 percent revenue collections in Fiscal Year 2017,
  - 26 percent revenue collections in Fiscal Year 2018,
  - 39 percent revenue collections in Fiscal Year 2019, and
  - 52 percent revenue collections in Fiscal Year 2020 and thereafter.

Data Sources

Washington State 2012 Child Care Survey, Table 9 Child Care Center Population by Region and Age Group

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1992
Primary Beneficiaries:	Day care centers that operate in churches
Taxpayer Count:	126
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.3395 - Child care resources and referral

Description

Nonprofit child care resource and referral services are exempt from B&O tax on income received for services which link families with licensed child care providers.

Purpose

Reduces the cost of providing these services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.215	$0.224	$0.233	$0.242
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.205	$0.233	$0.242
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth rate of 4 percent per year.
- Without this exemption, the B&O tax rate would be 1.5 percent.

Data Sources

- Volunteers of America (VOA) 2013 Annual Report
- Child Care Action Council of Washington (CCACWA) 2013 Annual Report

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Child care resource and referral offices, many of which are housed under an umbrella organization such as the Child Care Resource and Referral Network
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.340 - Boxing and wrestling matches

Description

Income received from conducting boxing, kickboxing, martial arts or wrestling matches requiring a license from the Department of Licensing are exempt from B&O tax.

Purpose

In 2009, the tax was changed to a fee. The fee is 6% of gross receipts and $1 per ticket sale. The purpose of the exemption was to avoid double taxation; however, funds are deposited into the Business and Professions Account to cover the costs of licensing and regulating these professions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.094	$0.097	$0.100	$0.103
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.089	$0.100	$0.103
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Washington State disposable income is a reasonable proxy for spending in leisure activates.
- Boxing as a sport is experience zero to negative growth.
- Growth rate is a combination of forecasted disposable income and growth in the boxing industry.

Data Sources

- Washington State Economic and Revenue Forecast Council (EFRC), February 2015 forecast
- Global insights forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Those holding boxing or wrestling matches
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

82.04.350 - Horse racing

Description

Persons who conduct horse racing events that are licensed by the State Horse Racing Commission are exempt from B&O tax, except for the special surtax attributable to RCW 82.04.286(1). The surtax, enacted in 2005, applies an additional B&O tax of 0.13 percent to the income derived from pari-mutuel wagering.

Purpose

To exempt gross income from B&O tax that is already taxable under the pari-mutuel tax (RCW 67.16.105).

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues, although the income is also subject to pari-mutuel tax. Pari-mutuel wagering receipts are subject to both pari-mutuel tax and the 0.13 percent B&O surtax. They are not currently subject to the regular B&O tax under the service classification.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth since horse racing in Washington continues to decline.
- Less than three taxpayers take advantage of this tax preference.

Data Sources

Washington Horse Racing Commission

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Horse-racing industry
Taxpayer Count:	Less than three taxpayers
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2007

82.04.355 - Ride-sharing and special needs transportation

Description

Public social service agencies, private nonprofit transportation providers, van pools and car pools that provide transportation services for commuters and persons with special transportation needs are from exempt B&O tax on income received.

Purpose

Reduces motor vehicle fuel consumption and traffic congestion by promoting commuter ride sharing and supports certain organizations that provide group transportation services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There is minimal, if any, taxpayer savings from this exemption.
- Income received in the course of commuter ride sharing or ride sharing for persons with special transportation needs would be subject to public utility tax under the motor or urban transportation classification absent the exemption in RCW 82.16.047.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1979
Primary Beneficiaries:	Nonprofit social service organizations that provide transportation services
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.04.360 - Life insurance sales employees

Description

Full-time life insurance sales agents are exempt from B&O tax on their income.

Purpose

The federal government treats life insurance sales agents as independent contractors. Washington treats them as employees. Other employees are exempt from B&O tax, so this exemption treats life insurance agents the same as other employees.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.132	$1.166	$1.202	$1.238
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, the difficulty in locating life insurance sales agents impacts the potential revenue gains from a full repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.534	$0.721	$0.867
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the Washington State real personal income growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to the July 1, 2016 effective date.
- Life insurance premiums are 23% of total insurance premiums.
- Compliance:
  - 50 percent revenue collections in Fiscal Year 2017,
  - 60 percent revenue collections in Fiscal Year 2018,
  - 70 percent revenue collections in Fiscal Year 2019, and
  - 80 percent revenue collections in Fiscal Year 2020 and thereafter.

Data Sources

- Employment Security Department employment and wage data
- Economic & Revenue Forecast Council's February 2015 forecast
- Office of the Insurance Commissioner 2013 annual report

Continued

82.04.360 - Life insurance sales employees

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1991
Primary Beneficiaries:	Life insurance sales agents
Taxpayer Count:	3,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.360 - Income of employees

Description

Employees and servants are exempt from the B&O tax for their income. The exemption does not extend to corporate board directors, or to RCW 18.16 licensed cosmetologists, barbers, estheticians, and manicurists who pay a fee to use part of a salon, but do not receive compensation from the owner. They must pay B&O tax.

Purpose

Provides a B&O tax exemption for those not engaged in business as independent contractors. Washington's Constitution does not allow a personal income tax. B&O tax applied to employee income may be considered a personal income tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1,764.390	$1,866.534	$1,966.411	$2,074.626
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption may increase revenues; however, a repeal would likely result in litigation.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1,539.890	$1,868.090	$1,970.895
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on the Economic and Revenue Forecast Council's February 2015 Washington state salary and wage forecast and an average B&O tax rate an estimated using 2014 tax return data.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.
- Compliance:
  - 90 percent revenue collections in Fiscal Year 2017, and
  - 95 percent revenue collections in Fiscal Year 2018 and thereafter.

Data Sources

- Department of Revenue tax return data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Washington State Employees
Taxpayer Count:	250,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.363 - Nonprofit camps and conference centers

Description

Nonprofit organizations are exempt from B&O tax on amounts received for providing certain items at a camp or conference center conducted on property that is exempt from property tax. This includes charges for:

- Camping and lodging facilities, the use of meeting rooms, parking.
- Furnishing food and meals.
- Books, tapes and other products available to participants of the camp or conference but not to the general public.

Purpose

To reduce the cost of operating camps and conference centers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.492	$0.507	$0.522	$0.538
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase state revenues. Money collected from purchases of certain items at camps and conference centers would be subject to B&O tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.464	$0.522	$0.538
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- 73 percent of nonprofit income is from program services.
- On average 30 percent of nonprofit income comes from Camps/conference centers.
- 3 percent annual growth.

Data Sources

- National Center for Charitable statistics
- American Camp Association http://www.acacamps.org/media/aca-facts-trends

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1997
Primary Beneficiaries:	Participants at camps and conferences operated by nonprofit organizations
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.04.3651 - Nonprofit organization fund-raising

Description

Nonprofit organizations that do fund-raising activities are exempt from the B&O tax. Fund-raising activity is for the purpose of furthering the goals of the nonprofit organization, and includes:

- Soliciting or accepting contributions, and
- Selling goods or services.

For purposes of this exemption, fund-raising does not include the operation of a regular place of business such as a bookstore, thrift shop or restaurant.

Purpose

To support the activities of nonprofit organizations by reducing operating costs and provide a limited excise tax exemption for fund-raising activities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$48.292	$49.741	$51.233	$52.770
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase state revenues. Income received from fundraising activities would be subject to B&O tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$45.596	$51.233	$52.770
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Washington nonprofits reported over $57.8 billion in total revenue in Fiscal Year 2012.
- Twenty-one percent of that income came from contributions, gifts and government grants
- Fundraising is assumed to be 25 percent of that income.
- Annual growth of 3 percent.

Data Sources

National Center for Charitable Statistics

Continued

82.04.3651 - Nonprofit organization fund-raising

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1998
Primary Beneficiaries:	Nonprofit organizations which raise funds to support their activities
Taxpayer Count:	35,000 non-profits
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.04.367 - Nonprofit student loan organizations

Description

A B&O tax exemption is provided for the gross income of nonprofit organizations exempt from federal income tax under section 501(c0(3) of the internal revenue code that:

- are guarantee agencies under the federal guaranteed student loan program,
- issue debt for student loans, or
- provide guarantees for student loans.

Purpose

Promotes the availability of student loans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The Federal Family Education Loan (FFEL) Program was terminated and now all education assistance is provided directly by the federal government, rather than through a nonprofit organization.
- Due to the restructuring of the federal government's education loan process, it is believed there would be no revenue impact for this statute.

Data Sources

- Lender Disclosure Statement for Northwest Education Loan Association (NELA)
- FFEL Program and Direct Loan Players, July 22, 2014

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1987
Primary Beneficiaries:	Qualifying nonprofit student loan organizations
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.368 - Nonprofit credit and debt counseling

Description

Nonprofit organizations are exempt from the B&O tax for income received for providing credit and debt counseling services.

Purpose

To reduce the cost of credit and debt counseling services provided by eligible nonprofit entities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Nonprofits do not generally charge clients for the counseling service.
- May be minimal taxpayer savings.

Data Sources

- Credit Counseling Washington www.needhelppayingbills.com/html/credit_counseling_washington.html
- Debt Reduction Services www.debtreductionservices.org

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1993
Primary Beneficiaries:	Nonprofit credit and debt counseling organizations
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.370 - Fraternal insurance

Description

Insurance premium income received by fraternal benefit societies and fraternal fire insurance associations is exempt from B&O tax. Fraternal societies pay death and disabilities benefits and insure property for their members. These premiums are also exempt from insurance premiums tax under RCW 48.36A.240.

Purpose

To support the programs and activities of these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.700	$2.700	$2.700	$2.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.500	$2.700	$2.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Average of $180 million in premium income annually.
- Without this preference, the activity would be taxed at 1.5 percent.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Fraternal benefit societies
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.04.380 - Federal instrumentalities furnishing aid and relief

Description

A B&O tax exemption exists for corporations created by Congress that provide:

- volunteer aid to the armed forces, and
- a system of national and international disaster relief.

Purpose

Supports the social benefits provided by federal instrumentalities furnishing aid and relief.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Constitutional case law makes federal instrumentalities immune from state and local taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This exemption applies to less than three taxpayers.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1935
Primary Beneficiaries:	Federal instrumentalities furnishing aid and relief
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.04.385 - Nonprofit sheltered workshops

Description

Nonprofit organizations that operate sheltered workshops and group training homes for persons with developmental disabilities are exempt from the B&O tax on income received from the state or from business activities from the operation of sheltered workshops.

Purpose

Reduces the cost of providing services to persons with developmental disabilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.020	$3.220	$3.430	$3.660
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.950	$3.430	$3.660
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1970
Primary Beneficiaries:	Workshops and training homes throughout the state
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.390 - Real estate sales

Description

Proceeds from selling real estate are exempt from B&O tax. However, commissions, fees, interest and similar financial charges from selling real estate are subject to B&O taxes.

Purpose

From the B&O tax's inception, sales of real estate have been exempt. Although the purpose is unclear, it could be because:

1) the B&O tax was intended to tax only sales of tangible personal property and certain services; or

2) exempting such sales would benefit the real estate industry, as such sales would be subject to real estate excise tax but not B&O tax (note sales of tangible personal property are subject to both retail sales tax and retailing B&O tax).

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$241.894	$254.279	$263.034	$271.869
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would likely not increase revenues.

In 1960, the Washington Supreme Court determined that taxing real estate rental income is unconstitutional. Although the Supreme Court has questioned the validity of this decision in later court decisions, the case is still good law. Applying the analysis of the decision to sale of real estate, it is likely the Washington Supreme Court would determine that taxing sales of real estate is unconstitutional as well. Barring the court overturning or distinguishing its precedent on the rental of real estate issue, it is likely repealing the exemption would not be upheld by the court.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Taxpayer savings will grow at the same rate as real estate excise tax in the Economic and Revenue Forecast Council February 2015 forecast.
- Taxpayer count is the same as total yearly affidavits for real estate excise tax.

Continued

82.04.390 - Real estate sales

Data Sources

- State Real Estate Excise Tax Collections
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Those selling real estate
Taxpayer Count:	250,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.04.392 - Amounts from trust accounts received by mortgage brokers

Description

Amounts received by mortgage brokers from a borrower for paying third-party provided services are exempt from B&O tax.

Purpose

Recognizes the funds passing-through to third parties are not income for the mortgage broker.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.562	$0.602	$0.643	$0.697
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction could increase revenues; however, mortgage brokers may be able to qualify certain third-party costs as advances or reimbursements under WAC 458-20-111. Those amounts would not be subject to B&O tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.110	$0.129	$0.139
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Buyers will use a mortgage broker for a home loan 15 percent of the time.
- Certain third-party fees would not qualify as pass-through (under WAC 458-20-111) and the broker would owe tax on those amounts.
- Eighty percent of the third-party fees paid by brokers qualify as pass-through (under WAC 458-20-111).
- A repeal of this exemption becomes effective July 1, 2016, impacting 11 months of collections in Fiscal Year 2017.

Data Sources

- National Mortgage News article, "Will Mortgage Brokers Gain or Lose from Shift to Purchase Market?" (March 5, 2014)
- Washington Center for Real Estate Research, Existing Home Sales
- United States Census Bureau, Building Permits
- Bankrate.com, Washington's Closing Costs (survey), June 2014
- Global Insight's Division, IHS, Inc., February 2015 Forecast

Continued

82.04.392 - Amounts from trust accounts received by mortgage brokers

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Mortgage brokers holding funds used to pay for third-party provided services
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.04.395 - Printing by schools

Description

School districts and educational service districts are exempt from B&O tax on the value of materials printed in-house, if the materials are exclusively for district use.

Purpose

To support education. There are similar exemptions for printing by local governments and libraries.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.042	$0.042	$0.042	$0.042
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues as long as school districts and educational service districts are removed from RCW 82.04.600.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.039	$0.042	$0.042
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- RCW 82.04.600 (materials printed in county, city, town, school district, educational service district, library or library district) is amended to exclude printing by schools.
- No growth due to volatility of spending.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.

Data Sources

Office of Superintendent of Public Instruction Financial Reporting Summary

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1979
Primary Beneficiaries:	School districts and Educational Service Districts
Taxpayer Count:	315
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.04.397 - Printing by local governments

Description

The value of materials printed in-house by cities and counties exclusively for their own use is exempt from B&O tax.

Purpose

Reduces printing costs for local governments.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.012	$0.012	$0.012	$0.012
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues as long as counties, cities, and towns are removed from RCW 82.04.600.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.011	$0.012	$0.012
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- RCW 82.04.600 (materials printed in county, city, town, school district, educational service district, library or library district) is amended to exclude printing by counties, cities, and towns.
- No growth due to volatility of spending.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date

Data Sources

Local Government Financial Reporting System

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1979
Primary Beneficiaries:	Counties, cities and towns
Taxpayer Count:	350
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.04.399 - Academic transcripts

Description

Educational institutions are exempt from B&O tax on income from sales of academic transcripts.

Purpose

Educational institutions which are considered departments and institutions of the state of Washington (e.g., The University of Washington) are not subject to B&O tax and would not be subject to sales of transcripts regardless of this exemption. Private institutions, however, would be subject to B&O tax on such sales.

This exemption provides that all educational institutions, public or private, are exempt from B&O tax on amounts received for sales of transcripts, and thus levels the playing field for public and private educational institutions with respect to these sales.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.010	$0.010	$0.010	$0.010
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.009	$0.010	$0.010
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.399 - Academic transcripts

Assumptions

- The state would not pay B&O tax on income from providing transcripts for students at public colleges and universities, since it is not a taxable "person" under RCW 82.04.030.
- Political subdivisions, however, are potentially subject to business tax and thus public K-12 schools are assumed to be otherwise taxable for purposes of this estimate.
- 50% of college graduates order and pay for 5 transcripts @ $10 each.
- 80% of high school students order 4 transcripts @ $2 each.

Data Sources

- Office of the Superintendent of Public Instruction
- Office of Financial Management

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1996
Primary Beneficiaries:	Public and private educational institutions
Taxpayer Count:	295 school districts 22 4-year institutions 34 2-year institutions
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.04.405 - Credit unions - federal chartered

Description

Credit unions organized under federal law are exempt from B&O tax.

Purpose

The Federal Credit Union Act prohibits state taxation of federally chartered credit unions. Accordingly, the exemption was established when the B&O tax was extended to financial institutions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.000	$3.000	$3.100	$3.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because federal law prohibits state taxation of federal credit unions.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No revenue impact from repeal because federal law prohibits state taxation of federal credit unions.

Data Sources

- http://www.ncua.gov/Legal/Documents/Reports/CUStat2010.pdf
- http://researchcu.ncua.gov/Views/FindCreditUnions.aspx

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1970
Primary Beneficiaries:	Federal-chartered credit unions
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.04.405 - Credit unions - state chartered

Description

Credit unions organized pursuant to state law are exempt from B&O tax.

Purpose

To provide comparable tax treatment with federally-chartered credit unions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$26.800	$27.300	$27.900	$28.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue, but state-chartered credit unions could simply apply for federal charters. There are benefits to being organized as a state-chartered credit union which might exceed the potential B&O tax liability.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$25.100	$27.900	$28.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base growth of 2 percent a year
- State-chartered credit unions represent 90 percent of total taxable income.
- The 1.5 percent B&O tax rate is the measure of tax savings
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

- National Credit Union Agency
- Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1970
Primary Beneficiaries:	State-chartered credit unions
Taxpayer Count:	60
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.04.408 - Housing Finance Commission

Description

Income received by the Housing Finance Commission is exempt from B&O tax. This income includes fees generated from bond issues and interest received from reserves used for the operation of the Commission.

Purpose

To support the activities of the Commission as a financial conduit for programs that provides affordable housing.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption may possibly increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Although the only affected entity is a governmental agency, the impact of this exemption cannot be publicly stated since there is only one entity affected by the statute.

Data Sources

Washington State Housing Finance Commission, Report of Independent Auditors and Financial Statements with Supplemental information

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	The Housing Finance Commission
Taxpayer Count:	1
Program Inconsistency:	None evident; however, other state agencies are not subject to B&O tax and do not require a special exemption
JLARC Review:	JLARC completed an expedited review in 2011

82.04.410 - Hatching eggs and poultry

Description

Farmers who produce and sell hatching eggs or poultry for use in production of poultry or poultry products are exempt from B&O tax.

Purpose

To support poultry producers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.002	$0.002	$0.002	$0.002
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.002	$0.002	$0.002
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Baby chicks currently cost about 65 cents for a day-old chick and $9 for an 18-week old pullet.
- Washington farmers spent $2.5 million on chicks and eggs.
- There are no hatcheries in Washington that produce genetically improved chicks on a large scale basis for commercial producers.
- Most of Washington's commercial egg producers purchase their replacement chicks from out-of-state hatcheries that deliver the chicks to them.
- 20% purchased in state, but this could increase depending on the outcome of the avian flu outbreak.
- No annual growth.

Data Sources

- United States Agriculture Census, 2012
- Joint Legislative Audit & Review Committee references

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1935
Primary Beneficiaries:	Farmers
Taxpayer Count:	Unknown
Program Inconsistency:	None known
JLARC Review:	JLARC completed a full review in 2008

82.04.415 - Sand and gravel for local road construction

Description

The cost of labor and services performed in mining, sorting, crushing, screening, washing, hauling and stockpiling of sand, gravel and rock taken from a pit owned by or leased to a city or county is exempt from B&O tax. The sand, gravel or rock must be either:

(1) placed on a street of the city or county or
(2) sold at cost to another city or county for use on public roads.

Purpose

Reduces the cost of local governments building and maintaining streets and roads.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.128	$0.128	$0.128	$0.128
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.117	$0.128	$0.128
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There is no growth rate as the average growth rate without the year of the great recession equals zero.
- Sand and Gravel used in local construction represents 7.5 percent of government contracting.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1965
Primary Beneficiaries:	Contractors and municipalities that perform road work
Taxpayer Count:	120
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.416 - 2nd Narrows bridge

Description

Income from the operation of state route #16 corridor transportation systems and facilities constructed and operated under Chapter 47.46 RCW is exempt from B&O tax. This statute addresses the second bridge across the Tacoma Narrows. The state contracts with a private firm to operate the toll booths. The income the state pays the operator of the bridge tolling systems is exempt from B&O tax under this statute. Note: The toll receipts are income of the state and not subject to state B&O tax.

Purpose

Lower the overall cost of operation of the bridge and encourage a private firm to enter into a contract with the state to operate the facility.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Washington State Department of Transportation

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	State of Washington
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.04.418 - Grants to local government

Description

Grants from the state or the United States government to municipal corporations or political subdivisions are exempt from B&O tax.

Purpose

Supports grants for social welfare services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- B&O Tax exemption under RCW 82.04.419 includes amounts for other governmental grants, and
- B&O tax deduction under RCW 82.04.4297 includes amounts for social welfare grants.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	Local jurisdictions that carry out social welfare programs
Taxpayer Count:	3,000
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.04.419 - County, city, town, school district or fire district business income

Description

Counties, cities, towns, school districts and fire districts receive a B&O tax exemption.

Public utilities and enterprise activities do not receive a B&O tax exemption. Enterprise activities include activities financed and operated similar to a private business.

Purpose

Excludes government activities, except utility and enterprise activities, from tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$157.000	$161.000	$165.000	$169.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$45.000	$49.000	$51.000	$54.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Other exemptions in this study exclude the business income of counties, cities, towns and school district.
- Certain types of county, city, town, school district, and fire district income is exempt under other statutes (for example: RCW 82.04.4281, RCW 82.04.4291, and RCW 82.04.4297).
- County, city, town and fire district income will grow at the same rate as service and other business income for business and occupation taxes.
- Based on historical school district income, school district income will grow at one percent per year.
- For business and occupation taxes, the income under this exemption would be classified as service and other income and the tax rate would be 1.5 percent.
- Repealing this exemption effective July 1, 2016 impacts 11 months of collections in Fiscal Year 2017.

Continued

82.04.419 - County, city, town, school district or fire district business income

Data Sources

- State Auditor's Office, Local Government Financial Reporting System data
- Office of the Superintendent of Public Instruction, school district financial data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	Counties, cities, towns, school districts, and fire districts
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.4201 - Regional Transit Authority Sales and Leasebacks

Description

Lease payments received under a sale and leaseback arrangement involving a regional transportation authority (RTA) are exempt from B&O tax.

Purpose

This is a financing mechanism used by the RTA to acquire trains, buses, and transportation facilities. This exemption provides tax relief to the RTA.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

The Internal Revenue Service changed its policy and no longer allows investors to write-off depreciation for federal taxes for sale and leaseback arrangements, so the RTA no longer uses this financing mechanism.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This financing mechanism is no longer used.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.04.421 - Group discount purchases

Description

Memberships in a qualifying discount program are exempt from B&O tax if the seller delivers the membership materials to a point outside the state.

Purpose

Provides tax relief to Washington firms that sell discount purchase memberships to residents of other states.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, the firm could easily shift its location outside of this state for sales to nonresidents.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no longer any businesses using this tax exemption.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Sellers of certain memberships
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.422(2) - Accommodation sales of automobiles

Description

New car dealers are exempt from the wholesaling B&O tax for wholesale sales of new vehicles to other new car dealers of the same make of vehicle.

Purpose

Recognizes these sales are for the convenience of dealers to enable them to meet customer demand and do not represent profit for the seller.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.938	$1.024	$1.055	$1.070
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.939	$1.055	$1.070
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- These types of sales will still take place in the auto dealer industry as they did prior to this law enactment, it is very customary for these types of transactions to occur between new auto dealers.
- The growth rate will mirror the Automobile Sales growth rate reflected in the February 2015 economic forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data (new auto dealers only)
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2001
Primary Beneficiaries:	New car dealers
Taxpayer Count:	75
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.424 - Sellers with limited Washington connection

Description

Sellers with a limited connection to this state are exempt from the B&O tax. The seller's activities in Washington, whether conducted directly or through another person are limited to:

- Storage, dissemination, or display of advertising,
- Taking orders, and
- Processing payments.

The seller's activities must be conducted electronically from a website on a server or other computer equipment located in Washington that is not owned or operated by the seller or by an affiliated person.

This exemption expires when (a) The United States congress grants states the authority to impose sales and use tax collection duties on remote sellers; or (b) a court, in a judgment not subject to review, determines that a state can impose sales and use tax collection duties on remote sellers.

If this exemption is to expire, the Department must notify the affected parties, the Chief Clerk of the House of Representatives, the Secretary of the Senate, the Office of the Code Reviser and others as deemed appropriate by the Department.

Purpose

Exempt B&O tax to sellers with very limited connections to Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.859	$1.963	$2.062	$2.162
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.799	$2.062	$2.162
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's June 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Sellers have limited connection to the state and the only presence in Washington is with a third party sellers.

Continued

82.04.424 - Sellers with limited Washington connection

Data Sources

- Economic & Revenue Forecast Council's June 2015 forecast.
- US Census Bureau
- World Bank Gross Domestic Product
- Central Intelligent Agency Population Information
- Security and Exchange Commission: Amazon 2014 Annual Report

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Sellers with limited Washington connections
Taxpayer Count:	460,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.425 - Accommodation sales

Description

Wholesale sales between businesses regularly selling the same type of property are exempt from the wholesaling B&O tax where the sale (1) is at cost to a buyer with an existing order for the product from a customer, or (2) occurs within 14 days as a reimbursement in-kind for a previous accommodation sale.

Additionally, sales by a wholly-owned subsidiary to its parent company are exempt from the wholesaling B&O tax when the parent (1) sells the goods in a transaction that is exempt under RCW 82.08.0262, and (2) pays the B&O tax.

Purpose

Exempts wholesale sales made between businesses solely for the purpose of adjusting inventories in order to satisfy customer demand.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.819	$0.873	$0.914	$0.928
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, it is likely that businesses will make fewer accommodation sales to other sellers if they are required to pay B&O tax on such sales.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.400	$0.549	$0.742
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the Nonresidential Fixed Investments growth rate reflected in the February 2015 economic forecast.
- This estimate does not include auto dealers.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.
- Compliance:
  - 50 percent revenue collections in Fiscal Year 2017,
  - 60 percent revenue collections in Fiscal Year 2018,
  - 70 percent revenue collections in Fiscal Year 2019,
  - 80 percent revenue collections in Fiscal Year 2020 and thereafter.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council February 2015 Forecast

Continued

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1955
Primary Beneficiaries:	Wholesalers/Retailers
Taxpayer Count:	184
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.04.4251 - Nonprofit convention and tourism promotion

Description

Payments received by nonprofit organizations from a government entity, Indian tribe, or other public corporation for purposes of development of tourism are exempt from B&O Tax.

Purpose

To encourage tourism.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

It appears that only one such organization exists in the state - the Washington Tourism Alliance. This organization receives most of its funding from industry sources. For Fiscal Years 2014 and 2015 they received $500,000 per year in seed money. They received no funding for the current biennium; therefore there is no fiscal impact at this time.

Data Sources

Travel Weekly, August 27, 2013, http://www.travelweekly.com/North-America-Travel/Nonprofit-leads-effort-to-boost-Washington-state-marketing/

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2006
Primary Beneficiaries:	Private organizations that promote tourism
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.04.426 - Semiconductor microchip manufacturing after $1 billion investment

Description

Firms that manufacture semiconductor microchips are exempt from B&O tax. The exemption is contingent on commencement of commercial operations by a new semiconductor material fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars.

The investment criterion has not been met, and is unlikely to occur during the forecast period of this study. If the exemption does become effective, it will expire nine years after the effective date.

Purpose

To retain and attract semiconductor firms in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Information is from Department of Revenue data sources.

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4261 - Federal small business innovation grants

Description

Grants received under the federal small business innovation research program are exempt from B&O tax.

Purpose

Encourages research and development in high-technology small businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.301	$0.318	$0.335	$0.353
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.292	$0.335	$0.353
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors growth for the service and other activities business and occupation tax classification reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- National Institute of Health Small Business Innovation Research and Small Business Technology Transfer Award Data
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Persons receiving grants from under the federal small business innovation research program
Taxpayer Count:	48
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4262 - Federal small business technology transfer grants

Description

Grants received from the federal government under the small business technology transfer program are exempt from B&O tax. The small business technology transfer program awards funds to small businesses that partner with nonprofit research institutes to transfer technology and products from the laboratory to the marketplace.

Purpose

Encourages research and development in high-technology small businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.104	$0.110	$0.116
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.095	$0.110	$0.116
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors growth for the service and other activities business and occupation tax classification reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- National Institute of Health Small Business Innovation Research and Small Business Technology Transfer Award Data
- Economic and Revenue Forecast Council February 2015 Forecast

Continued

82.04.4262 - Federal small business technology transfer grants

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Persons receiving grants from the federal government under the small business technology transfer program. The small business technology transfer program awards funds to small businesses that partner with nonprofit research institutes to transfer technology and products from the laboratory to the marketplace
Taxpayer Count:	12
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4263 - Life sciences discovery fund

Description

Income received by the Life Sciences Discovery Fund is exempt from B&O tax.

Purpose

To stimulate research and development in the life sciences.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption will not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This estimate contains confidential taxpayer information and is not disclosable.

Data Sources

Income data provided by the Life Science Discovery Fund

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Life Science Discovery Fund
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.4264 - Nonprofit assisted living facilities

Description

Licensed nonprofit assisted living facilities licensed under chapter 18.20 RCW providing room and domiciliary care to residents are exempt from B&O tax on amounts received.

A nonprofit assisted living facility is one operated as a religious or charitable organization, is exempt from federal income tax under 26 U.S.C. Sec. 501(c)(3), incorporated under chapter 24.03 RCW, operated as part of a nonprofit hospital, or is operated as part of a public hospital district.

"Domiciliary care" means assistance with activities of daily living provided by the assisted living facility either directly or indirectly; or health support services, if provided directly or indirectly by the assisted living facility; or intermittent nursing services, if provided directly or indirectly by the assisted living facility.

Purpose

Reduces the tax liability of nonprofit assisted living facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.098	$0.098	$0.098	$0.098
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.090	$0.098	$0.098
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Without this exemption, the B&O rate would be 0.275 percent.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data
- Department of Social and Health Services

Continued

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Nonprofit assisted living facilities
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4265 - Comprehensive cancer centers

Description

Comprehensive cancer center income is exempt from B&O tax to the extent the amounts are exempt from federal income tax.

Purpose

To encourage cancer research by a comprehensive cancer center as defined in RCW 82.04.4265

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Comprehensive cancer centers
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.4266 - Fruit and vegetable manufacturing or processing

Description

Businesses that manufacture or process fresh fruits or vegetables are exempt from the B&O tax. Eligible activities include canning, preserving, freezing, processing or dehydrating of these agricultural products. The exemption also applies to firms that conduct these activities but sell the products to buyers who transport the products outside the state. "Fruits" and "vegetables" do not include marijuana, useable marijuana, or marijuana-infused products.

The exemption currently expires on July 1, 2025, at which time these activities will be taxable under the 0.138 percent rate classification.

Purpose

To assist agriculture.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.723	$4.723	$4.723	$4.723
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.329	$4.723	$4.723
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Assume zero growth.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Firms that manufacture or process fresh fruits or vegetables
Taxpayer Count:	185
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.4267 - Parking and business improvement areas

Description

A chamber of commerce or similar business association that contracts with a local government to administer the operation of a parking and business improvement area (PBIA) is exempt from the B&O tax for the amounts received to administer it.

Purpose

Ensures the PBIA won't receive different tax treatment whether administered by a local government or a chamber of commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.312	$0.328	$0.344	$0.362
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.301	$0.344	$0.362
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the average B&O growth rate reflected in the Department of Revenue data for Fiscal Year 2011 to Fiscal Year 2014.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- For the years where the data is unknown, previous exemption study data was used in combination with the growth rate for Fiscal Year 2011 to Fiscal Year 2014.
- The Business Improvement Area for the city of Seattle expanded to include more neighborhoods than in previous studies.

Data Sources

- Department of Revenue excise tax data
- Various cities Business Improvement Area reports

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Local government with business improvement areas
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4268 - Dairy products manufacturing or wholesaling

Description

Manufacturers of dairy products, as well as wholesalers of such products shipped out of state are exempt from the B&O tax. Eligible products include byproducts from manufacturing of dairy products, such as whey and casein. In 2013, legislation modified this exemption to also include dairy product sales for use as an ingredient or component in the manufacturing of a dairy product. This exemption expires July 1, 2025.

Purpose

To encourage the production of milk and dairy products.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.300	$1.300	$1.300	$1.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.200	$1.300	$1.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The estimate uses the 0.138 percent B&O tax rate to calculate taxpayer savings.
- No growth factor assumed because the amounts of tax savings in recent past have been relatively consistent.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Accountability surveys and industry sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Dairy businesses
Taxpayer Count:	16
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.4269 - Seafood products manufacturing

Description

Manufacturers and certain sellers of seafood products are exempt from the B&O tax if the seafood remains in a raw, raw frozen, or raw salted state, when the manufacturing process is completed. This exemption expires July 1, 2025.

Purpose

To support the seafood processing industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.700	$0.700	$0.700	$0.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.600	$0.700	$0.700
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth factor assumed because the amounts of tax savings in recent past have been relatively consistent.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Accountability surveys and industry sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Seafood businesses
Taxpayer Count:	42
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.427; 82.34.060(2) - Pollution control facilities

Description

Provides a credit against B&O tax for up to 50 percent of the cost of required pollution control facilities. The total annual credit is limited to 2 percent of the cost of such facilities.

Purpose

To encourage pollution control and to compensate Washington firms for the costs they incur to meet upgraded pollution standards.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.633	$0.633	$0.633	$0.633
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would possibly increase revenues. Taxpayers may argue that they have a vested right to credits currently being taken that were authorized under prior law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.580	$0.633	$0.633
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The entire credit is taken against B&O tax.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1967
Primary Beneficiaries:	Firms meeting upgraded pollution standards, primarily in the lumber and wood products, paper, aluminum, and food products industries.
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.4271 - Nonprofit youth organization fees

Description

Nonprofit youth organizations may take a B&O tax deduction for membership fees, dues, and fees paid for the use of camping and recreational facilities.

Purpose

Supports the programs and social benefits provided by nonprofit youth organizations. This deduction covers the typical charges of YMCAs, church camps, and similar organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.513	$0.528	$0.544	$0.560
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.484	$0.544	$0.560
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- 50 percent of revenues are from program service fees.
- 3 percent growth per year.

Data Sources

National Center for Charitable Statistics, National Taxonomy of Exempt Entities, Group O, Youth Development, http://nccsweb.urban.org/tablewiz/showreport.php

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit youth organizations.
Taxpayer Count:	200 to 800
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.04.4272 - Direct mail delivery charges

Description

Sellers may deduct delivery charges made for direct mailings from the B&O tax, provided the purchaser billing lists the charges separately. Direct mail refers to printed material delivered without charge to a mass audience or to a mailing list provided by the purchaser.

Purpose

To clarify the taxation of delivery charges for direct mail costs (e.g., postage).

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.020	$0.021	$0.022	$0.023
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.019	$0.022	$0.023
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Retail sales growth rate forecast is used for this estimate.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Large mailing customers have their own mailing permits and therefore would not be purchasing the postage part of mailing services.
- Large direct mailers with annual gross income over $750,000 would not be selling the postage part of mailing services.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Direct mailers paying for delivery
Taxpayer Count:	130
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4274 - Nonprofit property management

Description

A B&O deduction is permitted for amounts that:

(1) a nonprofit property management company receives for compensating on-site employees from the owner of property;

(2) a property management company receives for compensating on-site employees from a housing authority; or

(3) a property management company receives for compensating on-site employees from a limited liability company or limited partnership of which the sole managing member or sole general partner is a housing authority.

Purpose

To treat these amounts as a tax-exempt pass-through. The management company supervises the on-site personnel, but the wages are ultimately the obligation of the owner.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.728	$0.769	$0.810	$0.852
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.705	$0.810	$0.852
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date leading to eleven months of cash collections in Fiscal Year 2017 and twelve months in all subsequent years.
- Future growth rate will mirror the growth rate forecast for the services classification of the business and occupation tax.

Data Sources

Washington State Economic and Revenue Forecast Council, February 2015 forecast

Continued

82.04.4274 - Nonprofit property management

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2011
Primary Beneficiaries:	Nonprofit property management companies or proprietary property management companies whose clients are housing authorities
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.04.4275 - Child welfare services

Description

Nonprofit health or social welfare organizations may deduct from the B&O tax amounts received as compensation for providing child welfare services under a government-funded program. A person may deduct from the B&O tax amounts received from the state for distributions to such a health or social welfare organization.

Purpose

Lessens the costs of nonprofit health or social welfare organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.725	$0.725	$0.725	$0.725
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.665	$0.725	$0.725
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth rate is zero.
- 17 percent of child and youth services are non-profit.

Data Sources

- Department of Revenue Excise Tax Data
- Department of Social and Health Services payment data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2011
Primary Beneficiaries:	Eligible nonprofit organizations
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.04.4277 - Mental health services

Description

Nonprofit health or social welfare organizations receive a B&O tax deduction for providing mental health services under a government-funded program. The same deduction applies to regional support networks for amounts received by the state for distribution to health or social welfare organizations which qualify for the deduction. The deduction expires August 1, 2016.

Purpose

The B&O deduction reduces the cost of providing mental health services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.873	$0.156	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.156	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth factor assumed for this estimate.
- One month taxpayer savings in Fiscal Year 2017 due to the August 1, 2016 expiration date.
- One month taxpayer savings in Fiscal Year 2017 due to the July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax returns
- Department of Revenue accountability reports

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2011
Primary Beneficiaries:	Health and social welfare organizations
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.4281(a) - Investments by nonfinancial firms

Description

Businesses qualify for a B&O deduction for investment income provided they are not engaged in banking, lending or security businesses.

Purpose

Recognizes that investment income for nonfinancial businesses does not constitute business income.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$307.000	$325.000	$342.000	$357.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues; however, most investment income could move out of Washington. Also, locating all taxpayers with taxable income may be difficult.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$162.000	$198.000	$207.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Investment income includes interest income, dividend income, and capital gains income.
- Non-financial businesses, trusts, and non-profits owing tax of $20,000 or more on investment income would restructure immediately to manage investment income outside of Washington and recoup the cost of restructuring within three years.
- Estates cannot restructure to manage investment income outside of Washington.
- The investment income of individuals would be taxed in Washington even if a person created a business outside of Washington to manage the investment income.
- Estates, trusts, non-profits, and individuals owing tax on investment income would utilize the small business credit to reduce the tax they owe. Non-financial businesses eligible for the small business credit use the credit against income taxable under current law.
- Interest income and dividend income grow at the national rate of growth for these types of income as forecasted by the Global Insights Division of IHS, Inc.
- Capital gains income grows at the rate of growth for real personal income as forecasted by the Economic and Revenue Forecast Council for Washington.

Continued

82.04.4281(a) - Investments by nonfinancial firms

Assumptions (continued)

- Washington's portion of national investment income by industry approximates the percentage of employment in Washington in that industry versus the industry's national employment.
- The Department of Revenue (Department) can easily notify non-financial firms, non-profits, estates, trusts, and individuals of the removal of this deduction. These businesses will pay the tax at a rate of:
  - 90 percent of revenue collections in Fiscal Year 2017, and
  - 95 percent of revenue collections in Fiscal Year 2018 and thereafter.
- The Legislature repeals this deduction effective July 1, 2016 impacting 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax return data
- Internal Revenue Service Statistics of Income
- Bureau of Labor Statistics Employment Data by State
- Global Insight's Division of IHS, Inc's February 2015 Forecast
- Economic and Revenue Forecast Council's February 2015 Forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Non-financial businesses, estates, trusts, non-profits, and individuals with investments
Taxpayer Count:	1,470,000
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.04.4281(b,c) - Investment of businesses in related entities

Description

Taxpayers qualify for a B&O tax deduction for amounts derived as dividends or distributions from the capital account by a parent entity from its subsidiaries.

Taxpayers also qualify for a B&O tax deduction on amounts derived on loans between a subsidiary and a parent or subsidiaries of a common parent if the total investment and loan income is less than five percent of the business' gross income.

Purpose

Encourages capital investment in Washington and provides equal treatment to similarly situated taxpayers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues; however, businesses may be able to shift this income to out-of-state affiliates.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Information on amounts derived as dividends or distributions from the capital account by a parent entity from its subsidiaries, and information on amounts derived on loans between a subsidiary and a parent or between subsidiaries of a common parent do not appear on state excise tax returns or business financial statements.

Data Sources

- Instructions for federal consolidated corporate income tax reporting
- Department of Revenue, Intercompany Transactions Report, 2012

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1970
Primary Beneficiaries:	Businesses with subsidiaries
Taxpayer Count:	Unknown
Program Inconsistency:	No
JLARC Review:	JLARC completed a full review in 2011

82.04.4282(1,2) - Membership dues and fees

Description

Organizations receive a deduction from the B&O tax for bona fide initiation fees and membership dues paid by members solely for the privilege of continuing membership in the club and not for payment of goods or services.

Purpose

Recognizes that initiation fees and membership dues are not the business activity of the organization.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$14.759	$16.691	$17.398	$18.134
Local Taxes	$1.261	$1.261	$1.261	$1.261

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.613	$12.809	$14.522
Local Taxes	$0.000	$1.156	$1.261	$1.261

Assumptions

- No goods or services received in exchange for initiation fees and membership dues paid.
- Labor unions report all membership dues and initiation fees to the Department of Labor.
- This affects businesses reporting a deduction for membership dues and fees.
- This proposal does not affect:
  - Business entities that are sole proprietorships,
  - Artistic or cultural organizations,
  - Social welfare organizations, and
  - Nonprofit youth organizations.
  - Entities whose primary business activity is retailing will need to report their membership dues and initiation fees under retailing B&O tax and collect retail sales tax.
- Compliance assumptions for businesses not currently registered and/or reporting:
  - 50 percent revenue collections in Fiscal Year 2017,
  - 60 percent revenue collections in Fiscal Year 2018,
  - 70 percent revenue collections in Fiscal Year 2019, and
  - 80 percent revenue collections in Fiscal Year 2020 and thereafter.

Continued

82.04.4282(1,2) - Membership dues and fees

Assumptions (continued)

- A medium compliance factor is used because there would be both instate and out-of-state taxpayers that would be new to our system. Identifying those taxpayers through enforcement activities is likely to take several years.
- Local sales tax rate of 2.49902 from Fiscal Year 2015 is used.
- This estimate assumes no growth in retail sales tax.
- The growth rate will mirror the business and occupation tax growth rate reflected in the November 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Economic Revenue & Forecast Council November 2015 Forecast
- United States Department of Labor
- Department of Revenue excise tax return data
- United States Census data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1935
Primary Beneficiaries:	Nonprofit Entities
Taxpayer Count:	370
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2007

82.04.4282(3,4) - Contributions and donations

Description

Organizations may take a B&O tax deduction for amounts received as contributions and donations provided no goods are sold or services are performed as a condition for receiving funds.

Purpose

Recognizes that donations are the business activity of the organization.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$8.127	$8.546	$8.947	$9.352
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.834	$8.947	$9.352
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the business and occupation tax growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.
- Amounts reflected in this estimate are higher than the amounts in the 2012 study. This is due to the inclusion of additional deductions taken under line code 04 deduction code 11 attributed to "contributions." that were not included in the 2012 study.

Data Sources

- Department of Revenue excise tax data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Nonprofit entities
Taxpayer Count:	110
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2007

82.04.4282(5) - Tuition and fees

Description

Educational institutions may take a B&O tax deduction for tuition fees and charges. Privately operated kindergartens also receive a B&O tax deduction for charges. Tuition fees defined in RCW 82.04.170 include:

- Fees for library, laboratory, or health services,
- Charges for room and board, and
- Other special fees, made by an educational institution.

Purpose

Reduces the cost of education provided by schools and colleges.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.965	$10.479	$10.971	$11.468
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$9.606	$10.971	$11.468
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the business and occupation growth tax rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1935
Primary Beneficiaries:	Private Educational Institutions
Taxpayer Count:	70
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.04.4282(6) - Trade shows

Description

Nonprofit trade or professional organizations receive a B&O tax deduction for charges to attend trade shows, conventions and educational seminars not open to the general public. The deduction covers admission fees and charges for occupying space.

Purpose

Provides a limited tax break for locally based trade and professional organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.011	$0.012	$0.013	$0.013
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.011	$0.013	$0.013
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the business and occupation tax growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1989
Primary Beneficiaries:	Nonprofit organizations
Taxpayer Count:	6
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.04.4282(7) - Private kindergartens

Description

Privately operated kindergartens may take a B&O deduction for charges made to operate of the kindergarten.

Purpose

Supports privately operated kindergartens.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Kindergarten tuition is in included in the total tuition received by schools.
- This deduction is included in the deduction for tuition and fees, RCW 82.04.4282(5).

Data Sources

- Department of Revenue excise tax data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1965
Primary Beneficiaries:	Privately operated kindergartens
Taxpayer Count:	530
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.4282(8) - Endowment funds

Description

There is a deduction from B&O tax for income derived from endowment funds.

Purpose

Recognizes that income derived from endowment funds is not business income.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Any amounts being claimed under this deduction are also likely deductible under other statutes (e.g. donations/contributions or investment returns of non-financial businesses), therefore, it is believed there would be no revenue impact for this statute.

Data Sources

- National Bureau of Economic Research
- http://www.nacubo.org/About_NACUBO/Press_Room/2014_NACUBO-Commonfund_Study_of_Endowments_(Final_Data).html
- http://www.nacubo.org/Documents/EndowmentFiles/2014_NCSE_Public_Tables_Annual_Rates_of_Return.pdf
- http://www.nacubo.org/Documents/EndowmentFiles/2014_Endowment_Market_Values_Revised.pdf

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1980
Primary Beneficiaries:	Groups or organizations that receive endowment funds
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.04.4283 - Cash discounts

Description

Businesses may take a B&O tax deduction for cash discounts taken by purchasers as long as the discount taken was included in the amount of gross revenue reported by the seller.

Purpose

Recognize that cash discounts allowed do not represent income to the seller.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$70.386	$74.318	$78.034	$81.936
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. B&O tax does not apply to income not actually received by the seller.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

B&O tax does not apply to income not received by the seller.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Businesses that offer cash discounts to purchasers
Taxpayer Count:	350,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.4284 - Bad debts

Description

Businesses may deduct bad debts from B&O tax.

Bad debts do not include:
- property that remains with the seller until the full price is paid,
- debt collection expenses,
- sales or use tax paid to a seller, or
- repossessed property.

Purpose

Provides equal treatment to taxpayers using cash basis accounting and accrual basis accounting.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$12.956	$13.592	$14.259	$14.959
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, some taxpayers would change from accrual basis accounting to cash basis accounting resulting in less of a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$12.459	$14.259	$14.959
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No significant shift by businesses using accrual based accounting to cash based accounting as a result of this deduction being repealed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth rate mirrors the B&O growth rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.

Data Sources

- Department of Revenue tax return data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	B&O Taxpayers
Taxpayer Count:	9,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.04.4285 - Motor fuel taxes

Description

Motor vehicle fuel wholesalers and retailers may deduct from their B&O tax the amount of state and federal taxes included in the sales price of fuel. These taxes are imposed on distributors and passed on to consumers in the retail price.

The state levies a tax of 37.5 cents per gallon of fuel. The federal government imposes a tax of 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel.

Purpose

To eliminate double taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$6.807	$8.371	$8.659	$8.882
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.674	$8.659	$8.882
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for oil prices reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Revenue excise tax data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Fuel Wholesalers and Retailers
Taxpayer Count:	1,987
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.04.4286 - Constitutional deductions

Description

Taxpayers may deduct amounts the state cannot tax under Washington's Constitution or the United States Constitution. For example Washington cannot tax:

- Sales of firms delivering to other states (including imported goods).
- Sales of firms without nexus in Washington.
- Exported products of retailers and wholesalers.
- Indian tribes' or tribal members' business activities in Indian country.

Purpose

Avoids violating state and federal laws.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$756.461	$795.498	$832.851	$870.554
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Washington does not have the power to tax these activities.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No revenue would be collected if this exemption was repealed.
- The taxpayer savings growth rate mirrors the B&O growth rated reflected in the Economic and Revenue Forecast Council's February 2015 forecast.

Data Sources

- Department of Revenue tax return data
- Washington State Gaming Commission data
- The Economic and Fiscal Impacts of Indian Tribes in Washington, Jonathan B. Taylor, 2012

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Firms engaged in interstate and foreign commerce and Indian tribal enterprises
Taxpayer Count:	38,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.04.4287 - Processing horticultural products

Description

Farmers may claim a B&O tax deduction for income received for washing, sorting and packing fresh, perishable horticultural products.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.955	$4.100	$4.280	$4.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.771	$4.280	$4.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- 10% of value is the cost to process the horticultural products.
- 4% growth based on past data.

Data Sources

WSDA data - Value of Agricultural Production

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1935
Primary Beneficiaries:	Contractors of farmers who wash, sort and pack horticultural products
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2008

82.04.4289 - Nonprofit kidney dialysis, nursing homes, and hospice

Description

Compensation received for patient care and the sale of prescription drugs furnished as an integral part of services to patients are exempt from B&O tax for:

- Nonprofit nursing homes,
- Nonprofit kidney dialysis facilities,
- Nonprofit hospice agencies and,
- Homes for unwed mothers operated by religious or charitable organizations.

Purpose

Reduces the cost of caring for patients.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.100	$5.203	$5.307	$5.413
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.676	$5.307	$5.413
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

2 percent growth per fiscal year.

Data Sources

Department of Revenue deduction data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1945
Primary Beneficiaries:	Organizations with operate these facilities and their patients
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.04.4291 - Services performed between local governments

Description

Local government jurisdictions may deduct income from other political subdivisions as compensation for services subject to B&O tax. These services would otherwise be taxable under the service classification.

Purpose

This deduction allows local governments to perform services for other jurisdictions (computer operations, accounting, etc.) without incurring B&O tax liability.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The impact of this deduction is included under the exemption for local government business income, RCW 82.04.419.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1970
Primary Beneficiaries:	Cities and counties
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.4292 - Interest on real estate loans

Description

Banking, lending, security and other financial businesses located in ten states or less may deduct interest income earned on loans primarily secured by first mortgages or trust deeds on non-transient residential properties.

Interest includes the portion of fees charged to borrowers, including points and loan origination fees, recognized over the life of the loan as an adjustment in the taxpayer's accounting records according to generally accepted accounting principles.

Purpose

Reduces the cost of purchasing a home in Washington relative to other states.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$33.030	$33.961	$34.365	$35.052
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$30.883	$34.365	$35.052
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months of cash collections are assumed in Fiscal Year 2017 due to a July 1, 2016 effective date.
- A 2 percent growth rate is assumed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1970
Primary Beneficiaries:	Retail banks and mortgage companies
Taxpayer Count:	250
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.04.4293 - Interest from state and municipal obligations

Description

Banking, lending, security and other financial businesses may deduct interest income earned on obligations of Washington, its political subdivisions, and municipal corporations.

Purpose

Provides state tax treatment comparable to federal income tax treatment of state and municipal bonds and reduces the cost of state and local government construction projects financed by bonds.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.890	$3.930	$4.010	$4.100
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.600	$4.010	$4.100
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Financial institutions taxable in Washington under economic nexus can deduct the interest from their government obligations.

Data Sources

- Department of Revenue excise tax return data
- Federal Financial Institutions Examination Council call report data
- Federal Deposit Insurance Corporation data
- Economic and Revenue Forecast Council's, February 2015 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1970
Primary Beneficiaries:	Financial institutions with economic nexus in Washington that hold public bonds
Taxpayer Count:	300
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.04.4294 - Interest on agricultural loans

Description

From B&O taxable amounts, qualifying banks may deduct interest income on loans made to:

- farmers;
- ranchers;
- aquatic product producers/harvesters; or
- their cooperatives.

Qualifying banks must:

- be owned exclusively by its members or borrowers and
- only make loans or provide financial-related services to:
  - farmers;
  - ranchers;
  - aquatic product producers/harvesters;
  - their cooperatives;
  - rural residents for housing; or
  - people furnishing farm-related or aquatic-related services to these individuals or entities.

Purpose

Reduce the cost of loans supporting the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.500	$4.500	$4.500	$4.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.250	$3.540	$3.540
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.4294 - Interest on agricultural loans

Assumptions

- Qualifying banks with loans in Washington totaling more than $50,000 to farmers, ranchers, aquatic product producers/harvesters or their cooperatives would have nexus and owe tax.
- Growth in the producer price index fluctuates greatly in the short term and the long term the forecasted growth is minimal. So, the interest income from qualifying loans will not grow.
- Interest on real estate loans made by qualifying banks would be exempt under RCW 82.04.4292 when the bank has branches or employees in ten or less states.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Farm Credit Administration Banks
- Annual Reports of Farm Credit Administration Banks making loans in Washington
- IHS, Inc - Global Insights Division's February 2015 forecast of the producer price index for farm products

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1970
Primary Beneficiaries:	Certain banks that make agricultural loans
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.04.4295 - Minor final assembly completed in Washington

Description

The value of a product initially manufactured outside the state may be deducted from the gross amount reported under the manufacturing B&O tax, by manufacturers in Washington, when the following criteria are met:

- Any additional processing in this state consist of minor final assembly; and
- Minor final assembly does not exceed two percent of the sales value; and
- The product is sold and shipped outside of Washington.

The amount of the deduction is equal to the value of the product prior to being brought into Washington.

Purpose

Stimulates trade and imports of products through Washington ports.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Changes in federal import regulations has resulted in imported truck components are no longer being assembled at Washington ports.
- There are no known beneficiaries of this deduction.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1977
Primary Beneficiaries:	Manufacturers
Taxpayer Count:	0
Program Inconsistency:	The original rationale for it is gone
JLARC Review:	JLARC completed a full review in 2012

82.04.4296 - Funeral home reimbursement

Description

Funeral homes may claim a B&O deduction for amounts received as a reimbursement for expenditures made by the funeral home as an accommodation to persons paying for a funeral. The expenditures must be:

- For goods and services provided by a person not affiliated or associated with the funeral home,
- Billed to the person paying for the funeral at the cost charged to the funeral home, and
- Itemized separately on the billing statement.

Purpose

To reduce the cost of funerals and simplify the billing of various components of funerals.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.029	$0.030	$0.032	$0.033
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.028	$0.032	$0.033
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- All taxpayers using this exemption are properly reporting as a deduction on their excise tax returns and not just excluding from gross income.
- Annual growth rates mirror the average growth rate over the previous six fiscal years.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue Excise Tax Data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Funeral homes
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.04.4297 - Nonprofit organization government grants

Description

Nonprofit organizations or local government entities may take a B&O tax deduction for amounts received by health or social welfare organizations as compensation from federal, state or local governments for the support of health or social welfare programs. Examples of programs covered by the deduction include:

- health care;
- family and drug counseling;
- services for the sick, elderly and handicapped;
- day care;
- vocational training and employment services;
- legal services for the indigent; and
- services for low-income homeowners or renters.

Medicare and Medicaid receipts of nonprofit and public hospitals are also deductible.

Purpose

To provide government with greater purchasing power when government provides financial support for the provision of health or social welfare services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$96.585	$99.482	$102.467	$105.540
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$91.192	$102.467	$105.540
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Washington nonprofits reported over $57.8 billion in total revenue in Fiscal Year 2012.
- Nationwide, 21 percent of income came from contributions, gifts and government grants.
- Government grants account for half of the income from these sources, or 11.5 percent of all income.
- 3 percent growth per year.

Continued

82.04.4297 - Nonprofit organization government grants

Data Sources National Center for Charitable statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1979
Primary Beneficiaries:	Nonprofit organizations that receive government grants
Taxpayer Count:	35,000
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4298 - Condominium homeowner maintenance fees

Description

Funds received by cooperative housing associations, condominium associations or residential property associations and used for repair, maintenance, management and improvement of residences and the commonly held property are deductible from B&O tax.

Purpose

To treat maintenance fees similarly to funds set aside by homeowners for similar maintenance and upkeep purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$10.203	$10.313	$10.424	$10.535
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$9.454	$10.424	$10.535
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors Office of Financial management forecast of housing unit growth.
- 8.48% of the totally housing are condominium units.
- Assumes that there are 404,000 home owners that pay dues to an association, and they pay yearly.
- Condominiums pay monthly, housing associations pay yearly.
- The average Homeowner Association (HOA) yearly dues for condominiums is $2,400
- The average HOA yearly dues for Homeowner Associations is $150
- HOA fees are used for repairs, maintenance, and replacement of residential structures and commonly held property.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- United States Census Bureau American Community Survey, National Data Book
- Home Owner Association of America
- Investopedia
- Office of Financial Management
- Joint Legislative Audit & Review Committee

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Cooperative housing associations, condominium associations or residential property associations
Taxpayer Count:	10,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.4311 - Medicare payments to public and nonprofit hospitals

Description

Public and nonprofit hospitals and community health centers receive a B&O tax deduction for health care services received from the federal Medicare program, state health programs under Chapter 74.09 RCW, or the state's basic health program under Chapter 70.47. The deduction applies whether the revenues are received directly from these programs or through managed health care organizations. The deduction is limited to payments from these governmental programs and does not extend to patient copayments or deductibles.

Purpose

To recognize that the provision of health services to people who receive federal or state subsidized health benefits by reason of age, disability or income level is a necessary and vital governmental function.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$122.000	$131.000	$140.000	$150.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$120.000	$140.000	$150.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base (revenue from government programs) growth of 7 percent a year.
- 95 percent of government payments to hospitals are to public or non-profit hospitals.
- 80 percent of government payments to hospitals are through managed care.
- Community health centers receive 81 percent of their revenue from government.
- Without this preference, the revenues above would be taxed at 1.5 percent.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Health

Continued

82.04.4311 - Medicare payments to public and nonprofit hospitals

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2002
Primary Beneficiaries:	Nonprofit/public hospitals and community health centers
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.04.432 - Municipal sewer service payments

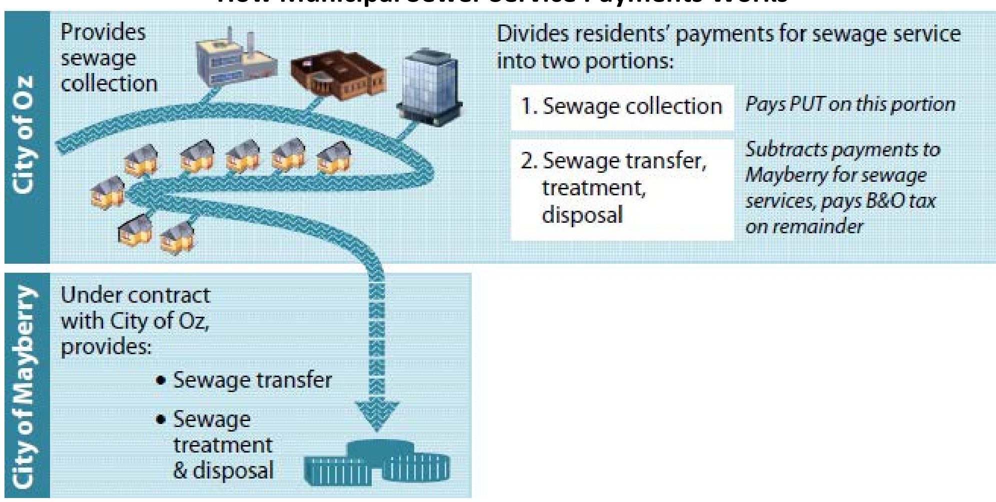
Description

City sewer utilities may deduct payments to other cities or other governmental agencies for interception, treatment or disposal of sewerage from income subject to B&O tax.

Purpose

Collection of sewage is taxable under the state public utility tax. Interception, treatment and disposal of sewerage are subject to the state B&O tax under the service and other activities classification. This deduction eliminates pyramiding of the tax when multiple utilities provide sewage services. Because of the deduction provided by RCW 82.04.4291 (charges for services between political subdivisions of the state), this income is not subject to tax.

How Municipal Sewer Service Payments Works



Source: JLARC analysis of RCW 82.04.432

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.173	$2.238	$2.305	$2.374
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues as long as legislation also repeals RCW 82.04.4291. Otherwise, there would be no increase in revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.052	$2.305	$2.374
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.432 - Municipal sewer service payments

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Growth rate of 3 percent.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1967
Primary Beneficiaries:	Washington Cities
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.04.4322 - Arts organizations - government grants

Description

Nonprofit artistic or cultural organizations, including performing arts groups such as music, theater, dance, and art history museums may claim a B&O tax deduction for amounts received from government grants.

Purpose

To support the programs of artistic and cultural organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.820	$0.845	$0.870	$0.896
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.774	$0.870	$0.896
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- 15 percent of total income is from government grants
- 3 percent growth per fiscal year
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- www.arts.wa.gov
- Urban Institute study

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit arts and cultural organizations
Taxpayer Count:	About 500 art organizations
Program Inconsistency:	None
JLARC Review:	No review for the grant deduction

82.04.4324 - Arts organizations - value of items manufactured

Description

Nonprofit artistic or cultural organizations may claim a B&O tax deduction for the value of items manufactured. The contemplated organizations provide the public with art, cultural, and/or historical exhibitions, musical or dramatic performances, or educational seminars or programs.

Purpose

To support the programs of artistic and cultural organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.127	$0.131	$0.135	$0.139
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.120	$0.135	$0.139
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- 15 percent of business income is due to manufactured items.
- 3 percent growth per year.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- www.arts.wa.gov
- Urban Institute study

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Art cultural organizations that manufacture products
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.04.4326 - Arts organizations - tuition program charges

Description

Nonprofit artistic or cultural organizations may claim a B&O tax deduction for tuition charges to programs they offer. The contemplated organizations provide the public with art, cultural, and/or historical exhibitions, musical or dramatic performances, or educational seminars or programs.

Purpose

To support the programs of artistic and cultural organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.656	$0.676	$0.695	$0.717
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.619	$0.695	$0.717
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Twenty-five percent of business income is from tuition program charges.
- Three percent growth per year
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- www.arts.wa.go
- Urban Institute study

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Art cultural organizations that offer programs with tuition
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.04.4327 - Arts organizations - income from business activities

Description

Nonprofit artistic or cultural organizations may claim a B&O tax deduction for income from business activities. The contemplated organizations provide the public with art, cultural, and/or historical exhibitions, musical or dramatic performances, or educational seminars or programs.

Purpose

To support the programs of artistic and cultural organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.760	$2.919	$3.080	$3.243
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.676	$3.080	$3.243
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Nonprofit growth will mirror B&O growth.

Data Sources

- Department of Revenue Excise Tax Data
- Economic & Revenue Forecast Council's February 2015 forecast
- Internal Revenue Service 990 data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit artistic, cultural or humanity organizations
Taxpayer Count:	800
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.04.433 - Fuel used in commercial vessels

Description

Businesses selling fuel to commercial vessels may take a B&O tax deduction for sales of fuel for consumption outside of United States territorial waters by vessels used primarily in foreign commerce. This fuel is commonly referred to as bunker fuel. This deduction applies only to B&O taxes on wholesaling and retailing activities, not to manufacturing activities.

Purpose

Treats income from marine fuel sales delivered in Washington for use in vessels conducting foreign commerce the same as income from sales of goods delivered out-of-state, and keeps marine fuel sellers from moving out of Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.112	$3.357	$3.472	$3.562
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.077	$3.472	$3.562
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the Oil Price growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- United States Energy Information Administration
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Marine Fuel Dealers
Taxpayer Count:	30
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.04.4331 - Insurance claims for state health care coverage

Description

Insurance companies may take a B&O tax deduction for amounts paid on medical or dental claims for state employees incurred prior to July 1, 1990.

Purpose

To prevent placing commercial insurers at a competitive disadvantage in bidding for state contracts by providing commercial insurance firms with a deduction that was available to health care contractors and health maintenance organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because the state now self-insures and no commercial insurer was selected to provide the uniform health plan for state employees.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This exemption is no longer in use.
- It allowed Insurance companies to take a B&O tax deduction for amounts paid on medical or dental claims for state employees incurred prior to July 1, 1990.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1988
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.4332 - Tuition fees - foreign degree-granting institutions

Description

Tuition fees received by an in-state branch of a foreign university are exempt from the B&O tax. To qualify, the university must be in compliance with RCW 28B.90, grant degrees, and be exempt from federal income tax.

Purpose

Encourage foreign universities to locate branches in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.000	$7.000	$7.000	$7.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.417	$7.000	$7.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth is expected.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Washington Student Achievement Council list of degree-granting institutions that have received authorization for operation in the state

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1993
Primary Beneficiaries:	Foreign universities approved by the Higher Education Coordinating Board
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.4333 - Job training services

Description

Businesses eligible for the rural county sales tax deferral/exemption program may take a credit against the B&O tax for value of job training. The training must be designed to enhance job performance, and be in a state-approved program sponsored or provided by the employer.

The credit is limited to 20 percent of the value of the job training, and capped at $5,000 per calendar year.

Purpose

Encourage firms in rural counties to employ local residents who may need training.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on Department data, no taxpayers are currently taking this credit.
- No taxpayers will take the credit during the next four years.

Data Sources

Department of Revenue Credit Data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Manufacturing and Research & Development firms in rural counties
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.04.4337 - Medicaid payments to assisted living facilities

Description

Licensed assisted living facilities receive a B&O tax deduction for amounts received from Medicaid for residential care.

Purpose

To make the tax treatment of assisted living facilities the same as nursing homes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.304	$1.304	$1.304	$1.304
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.195	$1.304	$1.304
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data
- Department of Social and Health Services Client Data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Assisted living facilities that are organized for-profit
Taxpayer Count:	9,207
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4339 - Salmon habitat restoration grants

Description

Governmental grants received by nonprofit organizations for purposes of restoring salmon habitat are deductible from B&O tax liability.

Purpose

To encourage restoration of salmon habitat.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.527	$0.527	$0.527	$0.527
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.483	$0.527	$0.527
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Due to fluctuations in historical growth assume zero growth in the future.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- The Salmon Recovery Funding Board, 2012 Estuary and Salmon Restoration Program Report
- The Salmon Recovery Funding Board, 2013 Salmon Recovery Grant Funding Report

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Nonprofit organizations restoring salmon habitat
Taxpayer Count:	52
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.43391 - Commercial aircraft loan interest and fees

Description

Interest and fees on loans secured by commercial aircraft primarily used to provide routine air service when owned by a passenger air carrier, or its affiliated or parent company, may be deducted from the B&O tax. Entities using this deduction must be physically located in Washington.

Purpose

To ensure the economic nexus provisions of 2010 legislation do not inadvertently apply to this activity and to retain the previous tax exempt provisions of such interest and loan fees.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction may possibly increase revenues in the short term. However, contracts would be rewritten to move the loan activity out of state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This data is confidential because there are fewer than three taxpayers reporting this exemption.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Less than three taxpayers
Taxpayer Count:	Less than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2020

82.04.43392 - Dispute Resolution Services

Description

A qualified dispute resolution center may take a B&O tax deduction for amounts received as a contribution from federal, state, or local governments and nonprofit organizations for providing dispute resolution services. Nonprofit organizations may also take this deduction for amounts received from federal, state, or local governments for distribution to a qualified dispute resolution center.

Purpose

To provide relief to taxpayers using governmental or nonprofit funding to engage in dispute resolution services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.007	$0.007	$0.007	$0.007
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.006	$0.007	$0.007
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth in deduction is assumed in estimate.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2012
Primary Beneficiaries:	Dispute resolution centers
Taxpayer Count:	4
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2022

82.04.43393 - Paymaster Services for Affiliates

Description

Employers providing paymaster services to an affiliate may deduct from B&O tax amounts received to cover employee costs for a qualified employee. Employee costs from a contractual obligation to provide services do not qualify for the deduction.

A qualified employee is an employee with whom the affiliate has a functional employment relationship.

Purpose

Ensures affiliated businesses do not incur additional tax burden when streamlining the payroll process.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.330	$0.343	$0.356	$0.369
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction could increase revenues; however, paymasters may be able to restructure and qualify under WAC 458-20-111 to treat payments received for wages and benefits as advances or reimbursements. Those amounts would not be subject to B&O tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.210	$0.343	$0.356
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Certain paymasters would restructure and use the PEO exemption (RCW 82.04.540(2)) or WAC 458-20-111. This estimate assumes 1 out of 3 paymasters restructure before July 1, 2016 and use the PEO exemption or WAC 458-20-111.
- All paymasters report on the combined excise tax return and use a deduction to report employee costs.
- Employee costs will grow at the same rate as wages as forecasted by the Economic and Revenue Forecast Council.
- Repeal of this deduction occurs effective July 1, 2016, impacting 11 months of collections in Fiscal Year 2016.

Data Sources

- Department of Revenue excise tax return data
- Economic and Revenue Forecast Council, February 2015 forecast

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	Employers providing paymaster services to an affiliate
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC scheduled to review in 2023

82.04.43394 - Cooperative finance organizations

Description

Nonprofit cooperative finance organizations may deduct income received from loans to rural electric cooperatives or other nonprofit or governmental utility service providers from the B&O tax. This deduction expires July 1, 2017.

Purpose

Provides tax relief for customers of rural electric cooperatives.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Less than three taxpayers take this deduction; therefore, the taxpayer savings and potential revenue gains cannot be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	Cooperative finance organizations
Taxpayer Count:	Less than three taxpayers
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.04.434 - Testing and safety labs

Description

Nonprofit corporations providing public safety services and information to the state of Washington receive a B&O tax credit for these services. The state must request the services. Qualifying nonprofit corporations must:

- Not have any direct or indirect industry affiliation; and
- Not charge the state for the provided services.

Purpose

Encourages businesses that provide public safety services to locate in Washington and ensure these services are available for the safety of Washington residents.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This credit is not currently in use.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1991
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.440(2&3) - Multiple activities tax credit - instate

Description

Businesses that engage in multiple taxable activities in Washington with respect a product may take a credit so that tax is effectively paid for only one of the activities. For example, a business that manufactures and/or extracts and also sells a product receives a credit for taxes paid on manufacturing and/or extracting activities.

Purpose

Ensures B&O tax applies to in-state and out-of-state activities equally and that businesses do not pay taxes on a product more than once.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$174.000	$183.000	$190.000	$196.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$168.000	$190.000	$196.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The credit grows at the rate of growth in manufacturing B&O as forecasted by the Economic and Revenue Forecast Council.
- The Legislature repeals the credit effective July 1, 2016.

Data Sources

- Department of Revenue Excise Tax Data
- Economic and Revenue Forecast Council's February 2015 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1987
Primary Beneficiaries:	Businesses conducting multiple activities in Washington
Taxpayer Count:	9,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.440(4) - Multiple activities tax credit - interstate

Description

Businesses may take a B&O tax credit when paying taxes more than once on the same product because they engage in multiple taxable activities within and outside of Washington. This credit is only available to businesses subject to a gross receipts tax similar to Washington's B&O tax. The credit can be up to the taxes paid to the other state.

Purpose

Ensures B&O tax applies to in-state and out-of-state activities equally and that businesses do not pay taxes on a product more than once.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.211	$1.272	$1.322	$1.363
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues provided the in-state multiple activities credit were also repealed.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.166	$1.322	$1.363
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The credit grows at the rate of growth in manufacturing B&O as forecasted by the Economic and Revenue Forecast Council.
- The Legislature repeals the credit effective July 1, 2016.

Data Sources

- Department of Revenue Excise Tax Data
- Economic and Revenue Forecast Council's February 2015 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1985
Primary Beneficiaries:	Businesses conducting multiple activities in Washington and in other states with a gross receipts tax
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.4451 - Small business credit

Description

Qualifying businesses may take a credit against B&O tax due of up to $35 per month. The credit phases out as the B&O tax liability exceeds $35, phasing out completely when the tax due exceeds $70.

For services businesses, the monthly credit is $70. This credit phases out as the B&O tax liability exceeds $70, phasing out completely when the tax due exceeds $140.

The Department provides credit tables for use by all taxpayers, which applies the credit in $5 increments.

Purpose

To provide tax relief to small businesses and encourage the growth of new firms.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$50.000	$51.000	$53.000	$54.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$47.000	$53.000	$54.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Total credit grows 2.5 percent a year.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1994
Primary Beneficiaries:	Small businesses
Taxpayer Count:	240,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.04.44525 - International services credit

Description

International service businesses receive a $3,000 B&O tax credit for each new job they create. Eligible activities include computer, legal, accounting, engineering, architectural, advertising, financial, and other services.

Qualifying businesses must be located in a community empowerment zone (CEZ) or in a city (or a group of neighboring cities) with a population of at least 80,000 having the same characteristics as a CEZ.

Purpose

Attracts and retains businesses that create jobs and provide services to international customers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.076	$0.080	$0.085	$0.089
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.074	$0.085	$0.089
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Taxpayers using the international services credit report most if not all of their business and occupation tax under the service and other classification.
- This estimate assumes growth in the credit follows the growth in the taxable service and other activities as forecasted by the Economic and Revenue Forecast Council.
- Taxpayers use the credit reported in a calendar year equally each month.
- The Legislature repeals the credit effective July 1, 2016 impacting 11 months of cash collections in Fiscal Year 2017.

Data Sources

- Department of Revenue Excise Tax Return data
- Economic and Revenue Forecast Council's February 2015 forecast

Continued

82.04.44525 - International services credit

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	International Service businesses in a CEZ or an area like a CEZ
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.04.4461 - Aerospace pre-production expenditures

Description

Businesses engaged in aerospace product development are eligible for a B&O tax credit equal to 1.5 percent of qualified expenditures. Qualified expenditures include research, design and engineering costs incurred in the development of aerospace products but do not include actual production-related costs. Commercial airplane and component manufacturers are eligible for the credit on expenditures incurred after December 1, 2003. Other persons are eligible for the credit on expenditures incurred after June 30, 2008. This credit expires July 1, 2040.

Purpose

To create jobs and promote the presence of the aerospace industry in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$88.090	$94.883	$100.224	$105.805
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$86.976	$100.224	$105.805
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate used is the "industrial production index for aerospace products and parts" from the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of commercial airplanes or components
Taxpayer Count:	76
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.04.4463 - Commercial airplane manufacturing - credit for taxes paid

Description

Manufacturers of commercial airplanes or commercial airplane components qualify for a B&O tax credit for state and local property taxes paid on land and buildings constructed after December 1, 2003, used exclusively to manufacture commercial airplanes or components. The credit is also available for leasehold excise taxes paid on land and buildings constructed after January 1, 2006 used exclusively for the same purposes.

Eligible property taxes include taxes paid on:

- new structures and the land beneath them;
- increased value due to facility renovation or expansion; and
- manufacturing machinery and equipment.

Manufacturers of tooling specifically designed for use in manufacturing commercial airplanes, persons providing aerospace product development, and persons providing aerospace services qualify for a B&O tax credit for state and local property or leasehold excise taxes paid on land and buildings constructed after June 30, 2008.

Eligible property taxes include taxes paid on:

- new structures and the land beneath them;
- increased value due to facility renovation or expansion;
- manufacturing machinery and equipment; and
- computer hardware, peripherals and software.

This credit expires July 1, 2040.

Purpose

Encourages a new assembly plant for a super-efficient aircraft to locate in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$18.575	$20.351	$21.497	$22.707
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Continued

82.04.4463 - Commercial airplane manufacturing - credit for taxes paid

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$18.655	$21.497	$22.707
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Effective July 1, 2016, resulting in eleven months of collections in Fiscal Year 2017.
- The growth rate is from Global Insight.
- No explicit depreciation is incorporated since the historical series shows no net negative growth resulting from depreciation.

Data Sources

- Department of Revenue credit data
- Snohomish County Assessor's Office
- Global Insight Industrial Production Index - aerospace products and parts - February 2015

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of commercial airplanes and components
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.04.447 - Natural gas sold to direct service industry (DSI)

Description

Direct Service Industry (DSI) customers (persons who purchase electric power directly from the Bonneville Power Administration) may take a B&O tax credit for the amount of public utility tax due on purchases of natural or manufactured gas used to generate electric power consumed by the DSI customer at its own gas turbine electrical generation facility. The tax credit may be used for 60 months following the first qualifying gas purchase and the DSI customer must maintain its existing level of employment to take the credit.

Purpose

To encourage DSI customers to continue manufacturing in Washington by constructing their own natural gas powered turbines after their BPA power contracts expire.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Assuming some businesses take the credit, repealing the exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No taxpayers taking this credit.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Direct service industry firms that purchase electric power directly from the BPA
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.04.448 - Semiconductor materials manufacturing after $1 billion investment - new jobs credit

Description

Businesses may take a credit of $3,000 for each new manufacturing job created in new structures that manufacture semiconductor materials. The credit is contingent on commencement of commercial operations by a new semiconductor materials fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars.

The investment criterion has not been met and is unlikely to occur during the forecast period of this study. If the credit were to become effective, it would expire 12 years after the effective date.

Purpose

To retain and attract semiconductor firms in Washington

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.
- Effective date of repeal is July 1, 2016.

Data Sources

Information is from Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4481 - Aluminum smelter credit for property taxes paid

Description

Direct service industrial customers may take a credit against the B&O tax for the amount of property taxes paid on aluminum smelters during a calendar year. The credit may be:

- Carried over for one year.
- Taken for property taxes paid after July 1, 2004, through calendar year 2026.

Purpose

Provide tax relief to the state's aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- The full amount of credit is taken in Fiscal Year 2016 for taxes levied for collection in calendar 2016.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Manufacturers of aluminum
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.4482 - Aluminum smelter purchases of electricity or natural gas

Description

Businesses selling electricity, natural gas, or manufactured gas are exempt from B&O tax on sales made to an aluminum smelter when the contract requires the seller to pass the tax savings on to the buyer in the form of reduced power prices. The seller takes the exemption in the form of a tax credit. Because most sellers of power are subject to public utility tax and not B&O, this tax incentive applies principally to sellers of brokered natural gas.

Purpose

Preserve family-wage jobs in rural communities where unemployment rates are high, and sustain the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Based on Department data, no taxpayers are currently taking this credit.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	The aluminum industry
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.04.4483 - Programming or manufacturing software in rural counties

Description

Businesses engaged in manufacturing computer software, or computer programming in a rural county were eligible for a B&O tax credit of $1,000 for each new job created. This credit expired on January 1, 2011.

Purpose

To encourage employment and economic development in rural counties.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. No credits have been allowed since 2010.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This credit expired January 1, 2011.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Not available
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.4485 - Hospital patient lifting devices

Description

Hospitals may take a credit against their business and occupation taxes equal to the amount spent on patient lifting devices up to $1,000 per qualifying bed. Eligible purchases must have been made by December 30, 2010.

Purpose

To prevent undue financial burden after requiring each hospital to establish a program for the safe lifting of patients.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Tax reporting data indicate that no credit has been claimed since the first quarter of 2011. This most likely means that hospitals have used all of their eligible credits.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This credit has not been claimed since Fiscal Year 2011, and will not be claimed in the future.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	None, no one is claiming the credit
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.4486 - Tax paid on carbonated beverage syrup

Description

Persons that pay the syrup tax when buying carbonated beverage syrup may claim a B&O tax credit if the person:

- Uses the syrup to make carbonated drinks, and
- Sells the carbonated drinks.

The carbonated beverage syrup tax is $1.00 per gallon. The tax applies to syrup used in producing carbonated beverages that are not trademarked canned or bottled beverages.

Purpose

To provide tax relief for persons that mix carbonated beverages on-site.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.178	$5.231	$5.284	$5.337
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.795	$5.284	$5.337
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Taxpayers that pay carbonated beverage syrup tax have sufficient B&O tax liability to utilize the full amount of the syrup tax paid.
- There are eleven months of collections in Fiscal Year 2017 because the effective date is July 1, 2016.
- Growth in revenues based on the previous five years of B&O tax credits for carbonated beverage tax paid.

Data Sources

Department Excise Tax Data

Continued

82.04.4486 - Tax paid on carbonated beverage syrup

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Businesses that prepare and sell carbonated beverages for consumption on-premises and firms that manufacture non-trademarked beverages.
Taxpayer Count:	2,400
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.4489 - Motion Picture Program contributions

Description

Businesses making contributions to the Washington motion picture competitiveness program may take a B&O tax credit equal to 100 percent of the contributions, with an annual cap of $1 million for each contributor. The total, statewide credit cap is $3.5 million a year. No credit may be earned for contributions made after June 30, 2017.

Purpose

To support the motion picture industry and encourage production of motion pictures, television programs and commercials in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.500	$3.500	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.500	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The annual statewide credit cap was reached each year during the existence of this credit, so assumes the annual statewide credit cap will continue to be met.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Motion picture companies
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.04.449 - Workforce training costs

Description

A B&O tax credit is allowed for half of the costs of customized workforce training paid by employers to the State Board for Community Colleges. No credit is allowed after June 30, 2021.

Purpose

Facilitates training of new employees for new or expanding businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.064	$0.064	$0.064	$0.064
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.059	$0.064	$0.064
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- While employers increased the amount of credit taken after the recession, the credit's usage appears to have returned to non-recovery period amounts.
- This estimate assumes no growth in the credit amount taken.
- The Legislature repeals this credit effective July 1, 2016 impacting 11 months of cash collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council, February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Certain employers for customized training
Taxpayer Count:	8
Program Inconsistency:	None evident
JLARC Review:	JLARC scheduled to review in 2017

82.04.540(2) - Professional employer organization wages

Description

A professional employer organization (PEO) may deduct the actual cost of wages and salaries, benefits, workers' compensation, payroll taxes, withholding, and similar items paid to or on behalf of certain employees who are co-employed by the PEO and a client of the PEO.

Purpose

Excludes pass-through payroll expenses from B&O tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.220	$3.430	$3.520	$3.640
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deduction could increase revenues; however, if the PEO can show wages and benefits are advances or reimbursements under WAC 458-20-111 then those amounts would not be subject to B&O tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.050	$1.170	$1.210
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The PEO deduction has several criteria for being able to use the deduction, this estimate assumes those taxpayers utilizing the PEO deduction meet all of the criteria.
- Certain types of PEOs would restructure and use the paymaster deduction (RCW 82.04.43393) or WAC 458-20-111. This estimate assumes 2 out of 3 PEOS restructure before July 1, 2016 and use the paymaster deduction or WAC 458-20-111.
- The Legislature repeals this deduction effective July 1, 2016 impacting 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2006
Primary Beneficiaries:	Professional Employment Organizations
Taxpayer Count:	45
Program Inconsistency:	None evident
JLARC Review:	JLARC scheduled to review in 2016

82.04.600 - Printing by libraries

Description

Provides an exemption from B&O tax for printing done by libraries where:

- Material is printed in library facility
- Printing is used exclusively for library purposes.

This exemption also includes counties, cities, towns, school districts and educational service districts which are also exempt under other statutes (RCWs 82.04.395 and 82.04.397). The impact is for libraries only.

Purpose

Reflects the legislative policy of not taxing nonproprietary activities of public entities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.005	$0.005	$0.005	$0.005
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.005	$0.005	$0.005
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months collections in FY 2017 based on July 1, 2016 effective date.

Data Sources

Institute of Museum and Library Services - Public Libraries in the US Survey FY 2012

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1979
Primary Beneficiaries:	Libraries and library districts
Taxpayer Count:	61
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.04.601 - Cigarette stamping

Description

Reimbursement wholesalers and retailers receive from the state for affixing tax stamps on packages of cigarettes is exempt from B&O tax.

Purpose

Historically, cigarette wholesalers and retailers did not pay tax on such reimbursement. This exemption codified pre-existing practices.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Average annual stamping compensation of both regular and roll-your-own cigarettes total $800,000.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Cigarette wholesalers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.04.610 - Interstate commerce - import and export shipments

Description

The sale of tangible personal property in import or export commerce receives an exemption from B&O tax.

The import exemption does not include items:
- Used in any state or territory of the United States;
- Resold by the importer in any state or territory of the United States; or
- Processed, handled, or stopped during transit for a business purpose.

The export exemption applies to items the seller delivers to a:
  - Buyer in a foreign country;
  - Carrier consigned to transport the item to a foreign country;
  - Buyer at shipside if it is clear that the export process has commenced, or
  - Buyer in this state if the seller files an export declaration and the buyer immediately transports the item to a foreign country (except for motor vehicles).

Purpose

Codifies the Department's interpretation of imports and exports in the stream of commerce, as reflected in WAC 458-20-193C.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$62.480	$64.350	$66.280	$68.270
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, a repeal of this exemption and WAC 458-20-193C would likely result in litigation.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.668	$17.233	$26.625
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.610 - Interstate commerce - import and export shipments

Assumptions

- Wholesalers in selected NAICS codes that have a greater chance of importing or exporting were selected as a proxy for this analysis.
- Selected NAICS includes wholesalers of: vehicles, lumber products, photographic equipment, computer equipment, computer peripherals, electronic equipment, and fish or seafood.
- Employment Security data and Department tax return data were combined to estimate the exempted importing activity.
- Due to the volatility found from year to year in imports, this estimate assumes three percent growth into the future.
- This estimate assumes taxpayers that can, will move their delivery destination in order to keep their products in the federal stream of commerce and therefore a low level of compliance is assumed.
- Compliance:
  - 13 percent revenue collections in Fiscal Year 2017,
  - 26 percent revenue collections in Fiscal Year 2018,
  - 39 percent revenue collections in Fiscal Year 2019, and
  - 52 percent revenue collections in Fiscal Year 2020 and thereafter.
- An effective date of July 1, 2016, results in 11 months of cash collections for Fiscal Year 2017.

Data Sources

- Employment Security data
- Department of Revenue data
- Federal business tax return statistics

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	2007
Primary Beneficiaries:	Firms that ship products across Washington's boundaries
Taxpayer Count:	1,600
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.04.615 - Public development authorities

Description

Public corporations, commissions and authorities receive an exemption from B&O tax for income from services provided to:

- limited liability companies in which the public entity is the managing member;
- limited partnerships in which the public entity is the general partner; or
- single-asset entities required by a federal, state or local housing assistance program which is directly or indirectly controlled by the public entity.

Purpose

Assists housing authorities that receive federal grants for low-income housing.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.028	$0.030	$0.031	$0.033
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.027	$0.031	$0.033
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Capitol Hill Housing Improvement Program
- Pike Place Market Preservation Development Authority
- Economic & Revenue Forecast Council, February 2015 Forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	Public Development Authroities
Taxpayer Count:	Less than 10
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.04.620 - Prescription drug administration

Description

Physicians or clinics may deduct amounts received for the infusion or injection of drugs for human use pursuant to a prescription from the B&O tax. The deduction may not exceed the current federal reimbursement rate under Medicare. The injection must be covered or required under a health care program subsidized by the federal or state government.

Purpose

To improve patient care by encouraging physicians to administer drugs in their own facilities, rather than referring their patients to a hospital where the wait time and cost of care may be greater.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.400	$1.400	$1.400	$1.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.300	$1.400	$1.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Average annual revenue from this business activity is $94 million.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Doctors, clinics and their patients
Taxpayer Count:	60
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.04.625 - Custom farm and farm management services

Description

Providers of custom farming services and farm management services are exempt from B&O tax if the provider performing the services is the owner or lessor of the land, or related to the owner or lessor. This exemption expires December 31, 2020.

Purpose

To provide tax relief to persons performing custom farm services for their relatives.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- No growth over time.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

- United States Agriculture census data, 2012
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2007
Primary Beneficiaries:	Persons that provide custom farm services for their relatives
Taxpayer Count:	Fewer than three
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.627 - Commercial airplane parts

Description

The sale of parts to the manufacturer of a commercial airplane is deemed to take place at the site of final testing or inspection under federal aviation regulation part 21 subpart F or G.

The practical effect of this statute is that parts sold by Washington sellers for delivery to out of state locales are exempt from the state B&O tax so long as these criteria are met.

Purpose

To give incentives to commercial airplane manufacturers to locate and produce products in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This data is confidential because there are fewer than three taxpayers reporting this exemption.

Data Sources

Department of Revenue Data Sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	Manufacturers of commercial airplane components
Taxpayer Count:	Less than three taxpayers
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2014

82.04.629 - Honey bee products

Description

Eligible apiarists are exempt from the B&O tax for the wholesale sale of honey bee products. This exemption expires July 1, 2017.

Purpose

To provide temporary business and occupation tax relief for Washington's apiarists to counter the negative economic impact on the state's agricultural sector caused by colony collapse disorder and resulting loss of bee hives occurring when the bill was enacted in 2008.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.006	$0.006	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.006	$0.001	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.04.629 - Honey bee products

Assumptions

- Apiarists who own or keep one or more bee colonies register their hives with Washington State Department of Agriculture and grows or produces honey bee products for sale at wholesale.
- In Fiscal Year 2013 apiarists reported $1.6 million gross revenues on the wholesaling line (line 03), of which about $355,000 was taxable. It is assumed the difference is the amount of wholesale sales by bee brokers that are exempt, $1.2 million.
- In Fiscal Year 2014 apiarists reported $1.6 million gross revenues on the wholesaling line (line 03), of which about $575,000 was taxable. It is assumed the difference is the amount of wholesale sales by bee brokers that are exempt, $1.0 million.
- Bee keeping is a small, specialized industry so it is assumed that there is no growth over time for this estimate.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This exemption expires July 1, 2017, with 1 month of collections in Fiscal Year 2018.

Data Sources

- Department of Revenue Excise Tax Return data - Line 03 (Wholesaling).
- Washington State Department of Agriculture data - bee keeper list

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2008
Primary Beneficiaries:	Eligible apiarists that sell honey bee products at wholesale
Taxpayer Count:	30
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.04.630 - Pollination services by apiarists

Description

Eligible apiarists are exempt from the B&O tax on income received for providing bee pollination services to qualified farmers. The apiarists must provide the pollination services using bee colonies that the apiarists own or keep. This exemption expires July 1, 2017.

Purpose

To provide temporary business and occupation tax relief for Washington's apiarists to counter the negative economic impact on the state's agricultural sector caused by colony collapse disorder and resulting loss of bee hives occurring when the bill was enacted in 2008.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.008	$0.008	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.007	$0.001	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- An apiarist who owns or keeps one or more bee colonies, registers their hives with Washington State Department of Agriculture and grows or produces honey bee products for sale at wholesale.
- In Fiscal Year 2013 apiarists reported over $1 million gross revenues on the B&O Tax service line, of which about $788,000 was taxable.
- In Fiscal Year 2014 apiarists reported $2.9 million gross revenues on the B&O Tax service line, of which about $2.2 million was taxable.
- Assumes the difference is the exempt amount for pollination services performed by bee brokers.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.
- July 1, 2017 expiration date, with 1 month of collections in Fiscal Year 2018.

Data Sources

- Department of Revenue excise tax data
- Washington State Department of Agriculture list of registered apiarists
- A number of bee websites

Continued

82.04.630 - Pollination services by apiarists

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2008
Primary Beneficiaries:	Apiarists that provide pollination services
Taxpayer Count:	20
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.04.635 - Legal services to low-income persons

Description

Income received by nonprofit organizations for providing legal services to low-income persons is exempt from B&O tax. The nonprofit must primarily be engaged in the provision of legal services to low-income individuals. Nonprofits are persons exempt from federal income tax under Title 26 U.S.C. Sec. 501(c) of the federal internal revenue code.

Purpose

Testimony on this exemption indicates funding levels had decreased and the exemption would allow nonprofits to increase their level of service with little impact to state funds in light of increasing demand for services

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.500	$0.506	$0.511	$0.517
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.464	$0.511	$0.517
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Department data for Law Firms.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2009
Primary Beneficiaries:	Law firms providing legal services to low-income persons
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.640 - Vaccine Association assessments

Description

The Washington Vaccine Association collects funds from health care insurers and third-party administrators for the cost of vaccines provided to children. Funds received by the Association are exempt from B&O tax.

Purpose

To improve the health of children.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Only one entity benefits from this exemption and therefore the impact cannot be disclosed

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	The Association and indirectly, children of the state
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.04.645 - Financial institution affiliate income

Description

Financial institutions receive an exemption from B&O tax on amounts received from affiliates that require an arm's length transaction under the Federal Reserve Act (section 23A or 23B).

Purpose

Encourages affiliate transactions involving banks.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues; however not all affiliate transactions would be taxable at full market value.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Information on amounts received from affiliates that require an arm's length transaction under the Federal Reserve Act (section 23A or 23B) do not appear on state excise tax returns or financial institution federal reports.

Data Sources

- Instructions and form for Consolidated Report of Condition and Income reports
- Department of Revenue, Intercompany Transactions Report, 2012

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Banks with subsidiaries and/or affiliates
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC scheduled to review in 2020

82.04.650 - Financial institution investment conduit or securitization entity income

Description

Investment conduits and securitization entities receive a B&O tax exemption for cash and securities.

Purpose

Avoids taxing the same revenue more than one time and clarifies that the activities of investment conduits and securitization entities are not subject to taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$14.000	$14.000	$14.000	$14.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$12.833	$14.000	$14.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Effective July 1, 2016 resulting in 11 months increased collections in Fiscal Year 2017.
- The use of these financial vehicles has recovered from the financial problems of the previous decade, but the there appears to be little to no growth at present.

Data Sources

- Securities information from the Securities Industry and Financial Markets Association (SIFMA).
- Financial sector contributions to gross domestic product, GDP, from the Bureau of Economic Analysis
- Mortgage rates are from the Federal Home Loan Mortgage Corporation

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Real estate lenders and their customers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2020

82.04.655 - Joint municipal utility authority

Description

Joint municipal utility services authorities are exempt from the B&O tax on any payments between, or any transfer of assets to or from, another joint municipality utility service authority and any of its members.

Purpose

Reduce costs and improve the benefits, efficiency, and quality of utility services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Joint municipal utility servicess authorities
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None
JLARC Review:	Not on JLARC review schedule

82.04.750 - Restaurant employee meals

Description

Meals provided to employees of restaurants without specific charge to the employees are exempt from B&O tax.

Purpose

To allow restaurant owners to provide meals to their employees without charge and without having to report B&O tax on the equivalent amount of income.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.199	$0.210	$0.221	$0.230
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.025	$0.029	$0.030
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Compliance of 13 percent revenue collections in all fiscal years.

Data Sources

- United States Bureau of Labor Statistics. May 2013 State Occupational Employment and Wage Estimates
- Washington, Food Preparation and Serving Related Occupations, Occupation code 35-0000
- Washington State Economic and Revenue Forecast Council February 2015 forecast. Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2011
Primary Beneficiaries:	Restaurants
Taxpayer Count:	32,897
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.32.045(4) - Minimum to file excise tax return

Description

Firms whose gross income is less than $28,000 annually ($46,667 for service firms) are not required to file excise tax returns. The provision does not apply to businesses that collect and remit retail sales tax or any other tax or fee which the Department is authorized to collect.

Purpose

To reduce administrative costs for taxpayers and the Department of Revenue.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue. In its absence, taxpayers would have to file returns but still would have no B&O tax liability due to the small business credit.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The tax savings of this tax preference are included under the impacts of the small business credit (RCW 82.04.4451).

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Smallest businesses
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.32.055 - Active duty military interest and penalty waiver

Description

Business owners in the military may request a waiver of interest and penalties for late payment of excise taxes if they are:

- on active duty,
- in an armed conflict, and
- assigned to a location outside of the United States.

Purpose

Provides economic relief to families of active duty service members.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	Active duty military personnel that own businesses
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.62.030; 82.62.045 - Rural county and Community Empowerment Zone (CEZ) new jobs

Description

A B&O tax credit is available for each new employment position created by a businesses located in a rural county engaged in the following activities:

- manufacturing;
- computer-related programming and services performed by a manufacturer;
- research and development;
- commercial testing laboratories.

A rural county has an average population density of fewer than 100 persons per square mile or is smaller than 225 square miles.

The credit is equal to:
- $2,000 for each new qualified employment position with wages and benefits below $40,000, or
- $4,000 for each new qualified employment position with wages and benefits above $40,000.

The total statewide credit cap is $7.5 million per fiscal year.

Purpose

Encourages businesses to expand in rural counties.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.500	$1.500	$1.500	$1.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.375	$1.500	$1.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Estimate of future revenue impacts are based on credits actually used rather than credits approved.

Continued

82.62.030; 82.62.045 - Rural county and Community Empowerment Zone (CEZ) new jobs

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1986
Primary Beneficiaries:	Manufacturing, R&D, and computer service firms in rural areas
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.70.020 - Commute trip reduction credit

Description

Employers who provide financial incentives for their own or other employees to participate in commute trip reduction programs may take a credit against B&O or public utility tax. The credit for an employer is:

- Equal to one-half of the employer's expenditure,
- Limited to $60 per employee per year, and
- Limited to $100,000 each fiscal year.

The program has an annual cap of $2.75 million for both B&O and public utility tax credits, and currently expires January 1, 2024. No person may claim tax credits after June 30, 2024.

Purpose

An incentive for employers to make financial incentives available to their employees to encourage car-pooling and reduction of air pollution, traffic congestion, and fuel consumption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.657	$2.657	$2.657	$2.657
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.435	$2.657	$2.657
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The maximum total program credit allowed per year is $2,750,000 combined between the business and occupation and public utility taxes.
- The maximum combined program amount allowed per year will be reached.
- This estimate is for the business and occupation tax portion only.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue credit data

Continued

82.70.020 - Commute trip reduction credit

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2003
Primary Beneficiaries:	Employers providing alternate commuting options to employees
Taxpayer Count:	650
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.73.030 - Commercial area revitalization contributions

Description

Subject to limitations, approved contributions made to a program or the main street trust fund are eligible for a partial B&O tax credit or public utility tax credit.

The credit is either:

- 75 percent of the approved contributions made to a program, or
- 50 percent of the approved contributions to the main street trust fund.

The total amount of these credits statewide cannot exceed $1.5 million per calendar year. Credits are not available for contributions to a program in a municipality with a population of 190,000 or more.

Purpose

Encourages the revitalization of downtown or neighborhood commercial areas.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.400	$1.400	$1.500	$1.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.280	$1.500	$1.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Use of the program has grown in the last couple years, and as the economy continues to improve, investment in local projects are expected to increase.
- In Fiscal Year 2013, 310 businesses claimed about $1.1 million in B&O tax credits and 6 businesses claimed about $156,000 in PUT credits compared to total credits of $675,000 in previous years.
- The $1.5 million cap per year has not been reached, but is assumed to do so by Fiscal Year 2018.
- Claims for the program have doubled in the last two years.
- Annual growth in total credit amounts of 4 percent per year until credit cap is reached.
- An effective date of July 1, 2016 which results in 11 months of cash collections for Fiscal Year 2017.
- This estimate reflects the B&O credits.

Continued

82.73.030 - Commercial area revitalization contributions

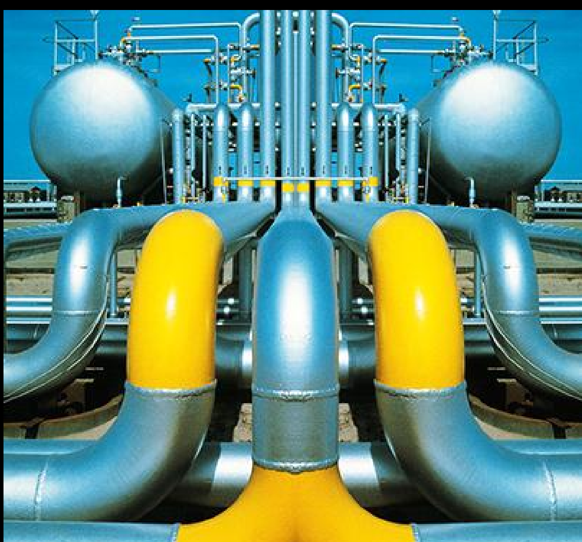
Data Sources

Department of Revenue credit data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2005
Primary Beneficiaries:	Businesses that choose to participate commercial area revitalization
Taxpayer Count:	310
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

Brokered Natural Gas



82.12.022(3) - Natural and manufactured gas not delivered by pipeline

Description

Natural or manufactured gas delivered to customers by means other than through a pipeline is not subject to brokered natural gas use tax.

Purpose

To clarify how this tax is applied.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There is no impact from this exemption because natural gas delivery occurs via pipeline only.
- There is no expected change in delivery method.

Data Sources

Washington State Department of Revenue staff

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1994
Primary Beneficiaries:	Customers that receive natural gas via other means
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.12.022(4) - Natural gas subject to public utility tax

Description

Gas is not subject to the brokered natural gas use tax if the seller previously paid public utility tax with respect to the same gas.

Purpose

This exemption eliminates double taxation of the same fuel. Gas purchased via brokers is generally not subject to public utility tax, and is the reason that the brokered natural gas tax is in place.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$32.988	$33.920	$34.940	$36.063
Local Taxes	$9.223	$9.484	$9.769	$10.083

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$31.094	$34.940	$36.063
Local Taxes	$0.000	$8.694	$9.769	$10.083

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Purchasers of gas via brokers
Taxpayer Count:	2,395
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.12.022(5) - Aluminum smelter purchases of natural gas

Description

Brokered natural gas use tax does not apply to the use of natural or manufactured gas by an aluminum smelter. This exemption expires on January 1, 2027.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- The revenue impact is not disclosable because fewer than three taxpayers benefit from this exemption.
- No revenue impact beginning in Fiscal Year 2028 and after.

Data Sources

Information from the latest JLARC study

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Aluminum smelters
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.12.022(6) - Taxes paid in other states for natural gas

Description

There is a credit against the natural gas use tax equal to any tax paid by (i) the seller, if the tax paid by the seller to another state is similar to Washington's public utility tax or (ii) the consumer, if the tax paid by the consumer to another state is similar to Washington's natural gas use tax.

Purpose

To eliminate double taxation of the same fuel.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on Department data, no taxpayers are currently taking this credit.
- No taxpayers will take the credit during the next four years.

Data Sources

- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1989
Primary Beneficiaries:	Purchasers of gas via brokers who have the gas delivered from other states
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.12.024 - Deferral for direct service industries (DSIs)

Description

This statute allows a deferral of brokered natural gas tax for a direct service industry (DSI) business that constructs a new power plant. DSIs are businesses that purchase power directly from the Bonneville Power Administration. The amount of deferred brokered natural gas use tax is not due if the business continues production and their employment levels do not drop below base period levels.

Purpose

To encourage direct service industry businesses to continue manufacturing in Washington after existing power contracts with Bonneville Power Administration expire by building their own natural gas powered electric generating facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on Department data, no taxpayers are currently taking this deferral.
- No taxpayers will take the deferral during the next four years.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Direct service industry businesses that constructs a new power plant
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

Cigarette and Tobacco Products

82.24.260(1b); 82.24.290 - Cigarettes for military personnel

Description

The cigarette tax does not apply to cigarettes sold to branches of the U.S. armed forces at exchanges, commissaries or ships stores or to sales by authorized purchasers at these facilities. Also exempt are sales to and by the U.S. Veterans Administration.

Purpose

Federal legislation, the Buck Act (4 U.S.C.§ 107), implicitly prohibits states from imposing a cigarette tax upon members of the military and their dependents.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$44.000	$44.000	$44.000	$44.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because federal law prohibits states from taxing tobacco products bought by members of the military and their dependents.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Average annual military consumption of 14 million packs of cigarettes.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Departments of Defense and Veterans Affairs

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1940
Primary Beneficiaries:	Military personnel and their dependents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.24.260(1c) - Cigarette allotment for Tribes

Description

Certain quantities of untaxed cigarettes are allowed tax-free for consumption by tribal members on the reservations in Washington. The number of untaxed cigarettes is based on the number of enrolled tribal members living on the reservation and the national average per capita consumption rate. Note: the application of cigarette allotments has largely been replaced by contracts between the state and most Indian tribes regarding the regulation and taxation of cigarettes sold in Indian country

Purpose

The United States Supreme Court has ruled that states do not have the authority to impose a cigarette tax upon enrolled tribal members living upon their own reservations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.000	$3.000	$3.000	$3.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Average annual allotment (non-compact) of 1 million packs of cigarettes.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1975
Primary Beneficiaries:	Enrolled members of tribes living on reservations
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.24.295(1) - Cigarettes covered by tribal contracts

Description

The cigarette tax does not apply to the sale, use, consumption, handling, possession, or distribution of cigarettes by Indian retailers if their tribes have entered into a cigarette tax contract with the state of Washington pursuant to RCW 43.06.455.

Purpose

To provide consistency in the regulation and taxation of cigarettes in Indian country.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$96.800	$96.800	$96.800	$96.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Cigarette tax is $3.025 per pack.
- About 32 million packs of cigarettes are sold annually by tribal sellers with contracts.

Data Sources

Department of Revenue tribal cigarette sales data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	State, local and tribal governments
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.26.040 - Constitutional or Federal prohibition on tobacco products

Description

The tobacco products tax does not apply to any tobacco products (cigars, pipe tobacco, etc.) which under the Constitution and laws of the United States the state may not tax. This has been interpreted under the Buck Act (4 U.S.C.§ 107) to prohibit taxing tobacco products sold to branches of the U.S. armed forces at exchanges, commissaries or ships stores or to sales by authorized purchasers at these facilities. Also exempt are sales to and by the U.S. Veterans Administration.

Purpose

Federal legislation prohibits states from imposing a tax on tobacco products purchased by members of the military and their dependents.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.400	$2.400	$2.400	$2.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because federal law prohibits states from taxing tobacco products bought by members of the military and their dependents.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Military personnel and their dependents make up 5.4 percent of the state population.
- Other tobacco products tax revenue averages $45 million annually.

Data Sources

- Department of Revenue excise tax data
- Departments of Defense and Veterans Affairs

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1940
Primary Beneficiaries:	Military personnel and their dependents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.26.110 - Tobacco products sold out of state or to Indian Tribes

Description

In-state wholesalers of tobacco products can obtain a tax credit for sales to tribal and federal entities.

Purpose

Historically, the Department has not required wholesalers to collect and remit other tobacco products tax on sales to tribal and federal entities, but the treatment of these sales was not clear. This exemption codified existing practice in response to statutory changes and recently settled lawsuits.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$60.000	$60.000	$60.000	$60.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue. Federal and tribal entities are exempt from the tax and they could acquire their own storage facilities and easily buy from out-of-state wholesalers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Average credit will be $60 million a year.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1959
Primary Beneficiaries:	Wholesalers of tobacco products
Taxpayer Count:	65
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

Enhanced Food Fish



82.27.010(1) - Tuna, mackerel & jack

Description

Tuna, mackerel and jack fish are exempt from the enhanced food fish tax.

Purpose

The enhanced food fish tax helps support continued production of game fish in the state. State fish hatchery programs do not raise tuna, mackerel and jack fish and these fish are exempt from the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.562	$0.562	$0.562	$0.562
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.515	$0.562	$0.562
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will be flat due to the erratic nature of fish tax collections
- The tax rate is the rate for Other Food Fish at 2.25% of taxable value
- The taxable value is the average of tuna and mackerel annual harvests for 2012, 2013, and 2014
- There are no jack fish harvests
- Eleven-month cash collection impact for Fiscal Year 2017 due to the July 1, 2016 effective date

Data Sources

Department of Fish and Wildlife fishery harvest data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Tuna, mackerel, and jack fish harvesters
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.27.020(2) - Deduction of one-half of fish tax

Description

The enhanced food fish tax is due on the first commercial possession in Washington of qualified fish based upon fair market value. There is a deduction from the purchase price paid for fish subject to the enhanced food fish tax equal to one-half the tax rate based upon the purchase price paid by the purchaser.

Purpose

To promote the commercial enhanced food fish industry in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues, but would increase the cost to consumers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This deduction does not reduce fish tax liability. It simply allows the purchaser to share one half of the liability with the person who caught the fish.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1980
Primary Beneficiaries:	Fish Tax Taxpayers
Taxpayer Count:	205
Program Inconsistency:	None
JLARC Review:	Not on JLARC review schedule

82.27.020(4) - Fish tax differential rates

Description

The tax on enhanced food fish (including a 7 percent surtax) has different tax rates based on species as follows:

- Chinook, Coho and chum salmon and steelhead, 5.62 percent;
- Pink and sockeye salmon, 3.37 percent;
- Sea urchins, sea cucumbers, 2.247 percent;
- Oysters, 0.09 percent; and
- All other food fish and shellfish, 2.247 percent.

Purpose

Reflects market conditions for various types of fish.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.562	$3.562	$3.562	$3.562
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing the preferential rates would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.265	$3.562	$3.562
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This estimate increases all lower tax rates to 5.62 percent
- Taxable amounts remain constant each year
- Eleven-month cash collection impact for Fiscal Year 2017 due to the July 1, 2016 effective date

Data Sources

Department of Revenue taxpayer database

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1980
Primary Beneficiaries:	Certain Fish and Shellfish Harvesters
Taxpayer Count:	205
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.27.030(1,3) - Imported frozen or packaged fish

Description

Enhanced food fish tax exemptions are provided for:

(1) Enhanced food fish originating outside of Washington that enters the state either frozen or packaged for retail sale; and
(2) Food fish, shellfish, anadromous game fish, and by-products or parts of food fish shipped from outside of the state into Washington.

Purpose

To avoid taxing fish originally landed in another state or packaged and processed for retail sale outside the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.210	$7.210	$7.210	$7.210
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. However, eliminating the exemption might trigger a Commerce Clause or Import-Export Clause challenge.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.609	$7.210	$7.210
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will be flat due to the erratic nature of fish tax collections
- Eleven-month cash collection impact for Fiscal Year 2017 due to the July 1, 2016 effective date

Data Sources

- Department of Revenue excise tax data
- Washington IMPLAN data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1980
Primary Beneficiaries:	Fish Processors/Wholesalers/Retailers
Taxpayer Count:	5,500
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.27.030(2) - Commercially grown fish & shellfish

Description

There is an enhanced food fish tax exemption for food fish and shellfish raised from eggs and grown by agricultural methods.

Purpose

To avoid taxing commercially produced fish and shellfish.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$6.109	$6.109	$6.109	$6.109
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.600	$6.109	$6.109
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will be flat due to the erratic nature of fish tax collections
- The percentage breakdown by species will mirror the taxpayer-reported amounts for fish tax in Fiscal Year 2014
- Eleven-month cash collection impact for Fiscal Year 2017 due to the July 1, 2016 effective date

Data Sources

- United States Department of Agriculture Aquaculture Sales Statistics
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1980
Primary Beneficiaries:	Fish Farms
Taxpayer Count:	122
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2015

82.27.040 - Taxes paid in other states

Description

There is an enhanced food fish tax credit for any fish tax previously paid on that same enhanced food fish to any other legally established taxing authority.

Purpose

To eliminate double taxation on the same fish.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.194	$0.194	$0.194	$0.194
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.178	$0.194	$0.194
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fish tax credit will stay constant each year
- Eleven-month cash collection impact for Fiscal Year 2017 due to the July 1, 2016 effective date

Data Sources

Department of Revenue Fiscal Year 2014 credit data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1980
Primary Beneficiaries:	Fish Harvesters
Taxpayer Count:	205
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

Estate Tax

83.100.020(1) - Estate tax exclusion

Description

Through Calendar Year 2013, there is a $2 million exclusion from the value of an estate in determining the amount of estate tax, if any. Legislation passed in 2013 annually adjusts the exclusion amount. The adjustment is determined using the Seattle-Tacoma-Bremerton metropolitan area consumer price index. For estates of decedents dying in Calendar Year 2015, the exclusion amount is $2,054,000.

Purpose

Moderate value estates are not subject to the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3,810.700	$3,953.100	$4,311.400	$4,467.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$1,030.300	$1,540.900
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No exclusion amount for deaths occurring on or after January 1, 2017
- All payments are made timely at the 9-month due date
- The first payments would be due on October 1, 2017, which will result in 9 months of impact in Fiscal Year 2018
- Approximately 53,000 deaths in Washington in 2015, increasing to almost 60,000 deaths in 2019
- Percent of deaths by age based on Washington life expectancy data
- Washington net worth 166 percent of national net worth
- Approximately 35 percent of estates go through probate
- For probated estates, a high compliance factor is used:
  - 90 percent revenue collections in Fiscal Year 2018, and
  - 95 percent revenue collections in Fiscal Year 2019 and thereafter
- For non-probated estates, a compliance factor of 5 percent is used for all years

Data Sources

- Office of Financial Management, November 2014 forecast of the state population by age and sex, 2010-2040
- Washington Life Expectancy, Washington causes of death by age and gender
- United States Census Bureau wealth and marital data
- Consumer Price Index (CPI), Real Income, Seattle CPI, Percent Change

Continued

83.100.020(1) - Estate tax exclusion

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2005; exclusion increases, 2013
Primary Beneficiaries:	Individuals who receive benefits from the estate
Taxpayer Count:	54,000 to 60,000 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

83.100.046 - Farm property

Description

Estates deduct the value of qualified real and personal property used primarily for farming from their taxable estate.

Purpose

Ensures surviving family members do not need to sell farm assets to pay estate taxes. However, heirs taking this exemption are not required to continue farming.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.650	$1.650	$1.650	$1.650
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$1.238	$1.650
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Legislation repeals the farm deduction for deaths occurring on or after January 1, 2017
- All payments are made timely at the 9-month due date
- The first payments would be due on October 1, 2017, which will result in 9 months of impact in Fiscal Year 2018
- An average of 10 estates per year take the farm deduction
- The average tax savings per estate is $165,000

Data Sources

- Department of Revenue Estate Tax data
- Estate Tax Forecast Model (March 2015)
- Federal Estate Tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2005
Primary Beneficiaries:	Estates with farm assets
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2015

83.100.047 - Marital deduction

Description

The decedent's estate may deduct the value of property passed to a surviving spouse or state registered domestic partner for:

- Property passing outright, and
- Property providing an income interest for the life of the surviving spouse or domestic partner, with the proper election.

Purpose

Postpones estate tax for assets passed to a surviving spouse until the surviving spouse's death.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$210.000	$210.000	$210.000	$210.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$157.500	$210.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No marital deduction for deaths occurring on or after January 1, 2017
- All payments are made timely at the 9-month due date
- The first payments would be due on October 1, 2017, which will result in 9 months of impact in Fiscal Year 2018
- An average of 350 estates per year take the marital deduction
- The average tax savings per estate is 600,000

Data Sources

- Department of Revenue estate tax data
- Estate Tax Forecast Model (February 2015)
- Federal Estate Tax data

Continued

83.100.047 - Marital deduction

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2005
Primary Beneficiaries:	Surviving spouses
Taxpayer Count:	350
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

83.100.048 - Family-Owned Business Interest

Description

Estates may deduct qualified family-owned business interests from their taxable estate if certain conditions are met, including:

- The value of the qualified family-owned business interests exceed 50 percent of the Washington taxable estate,
- The value of the qualified family-owned business interests is not more than $6 million, and
- There is material participation related to the operation of the business both prior to, and after, the decedent's death.

The deduction is limited to $2.5 million, and applies only to decedents dying on or after January 1, 2014.

Purpose

Ensures surviving family members do not need to sell family-owned business assets to pay estate taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.200	$1.200	$1.200	$1.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.900	$1.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No qualified family-owned business interest deduction for deaths occurring on or after January 1, 2017
- All payments are made timely at the 9-month due date
- The first payments would be due on October 1, 2017, which will result in 9 months of impact in Fiscal Year 2018
- An average of four estates per year take the qualified family-owned business interest deduction
- The average tax savings is $1.2 million per estate

Continued

83.100.048 - Family-Owned Business Interest

Data Sources

- Department of Revenue Estate Tax data
- Federal Estate Tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2013
Primary Beneficiaries:	Estates containing family-owned business assets
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2023

Fuel Tax

35.58.560 - Credit of motor vehicle fuel taxes for METRO

Description

Metropolitan municipal corporations may take an offset against gross revenue subject to any state tax for expenditures made from such gross revenue for planning or performing public transportation.

Purpose

To support public transportation in the Puget Sound area.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Department of Licensing fuel tax data does not identify this exemption separately.
- This is included under the exemption for fuel for urban passenger transportation systems, RCW 82.38.080 and 82.38.180.

Data Sources

Department of Licensing data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1967
Primary Beneficiaries:	Metro transit systems and their patrons
Taxpayer Count:	Fewer than three
Program Inconsistency:	Other municipalities pay public utility tax on income associated with operating transportation systems – except for the deduction for income devoted to service improvements for low-income and elderly customers (RCW 82.16.050(14))
JLARC Review:	Not on JLARC review schedule

82.38.080 - Other special fuel tax exemptions

Description

The sales of special fuel (i.e., fuel other than gasoline) to publicly or privately owned urban transportation systems are generally exempt from the special fuel tax.

Additionally, sales of fuel for the following uses are exempt from the special fuel tax:

(a) Street and highway construction and maintenance in state, county, or municipality-owned and operated motor vehicles;
(b) Publicly owned firefighting equipment;
(c) Vehicles not designed or used primarily for transporting people or property (e.g., road construction machinery, self-propelled cranes, etc.);
(d) Certain motor vehicle power take-off equipment;
(e) U.S. government-owned motor vehicles;
(f) Heating purposes;
(g) Moving between two pieces of private property a motor vehicle on a public highway;
(h) Transportation services for persons with special needs by a private nonprofit transportation provider;
(i) Equipment such as mixing units or refrigeration units powered by motors separate from vehicle fuel tanks;
(j) Operation of a motor vehicle as a part of a logging operation upon a federal highway within a federal area if the vehicle's use of the highway is subject to a fee related to federal roads or highways; and
(k) Waste vegetable oil used to manufacture biodiesel.

The removal or entry of special fuel is exempt from special fuel tax if the fuel is dyed special fuel; if the persons involved are licensed; or if it shipped to a point outside Washington.

Purpose

To recognize that some fuels suitable for propelling motor vehicles are also put to other uses and to support governmental entities and public transportation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Continued

82.38.080 - Other special fuel tax exemptions

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No taxpayer took this exemption in Fiscal Year 2014 according to the Department of Licensing data.
- There will be no revenue impact in future years.

Data Sources

Department of Licensing Fuel Taxpayer Database

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1971
Primary Beneficiaries:	Special fuel tax users not covered under other exemptions
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	Not on JLARC review schedule

82.38.080(1a-c) - Government and public uses

Description

The following sales of special fuel are exempt from the fuel tax:

a) Sales to the state of Washington, any county, or any municipality when the fuel is used for street and highway construction and maintenance purposes in motor vehicles owned and operated by the jurisdiction;
b) Sales for use in publicly owned firefighting equipment; and
c) Sales to the United States government.

Purpose

Lowers the costs of government and public services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.696	$3.123	$3.193	$3.245
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.863	$3.193	$3.245
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for the special fuel tax collections reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing Fiscal Year 2014 fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1971
Primary Beneficiaries:	Federal, State, and Local government agencies
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.38.080(1d); 82.38.180(3a) - Special needs transportation

Description

Private, nonprofit organizations that provide transportation services for persons with special transportation needs are exempt from the motor vehicle fuel and special fuel taxes.

Purpose

Supports transportation programs for the elderly and handicapped.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.450	$0.516	$0.520	$0.523
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.473	$0.520	$0.523
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for the combined special and motor vehicle fuel tax collections reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing Fiscal Year 2014 fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1983
Primary Beneficiaries:	Transportation Providers for Persons with Special Needs
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.38.080(1e) - Waste vegetable oil biodiesel

Description

Waste vegetable oil used to manufacture biodiesel is exempt from the special fuel tax.

Purpose

To promote the manufacturing of alternative fuels and to lower their cost.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The taxpayer savings and the additional revenue recognized upon repeal are indeterminate.

Data Sources

The Department of Licensing does not separately track this exemption, unable to find information through outside sources.

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Biodiesel Fuel Manufacturers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.38.080(1f)(1g); 82.38.180(3b) - Urban transportation

Description

Fuel sold to publicly and privately owned urban passenger transportation systems is exempt from the special fuel tax.

Purpose

To lower the operating costs of public transportation systems.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$12.802	$14.698	$14.802	$14.882
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$13.474	$14.802	$14.882
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for the combined fuel tax collections reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing Fiscal Year 2014 fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1957
Primary Beneficiaries:	Urban Transportation Systems
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.38.080(2a) - Fuel sold to the military

Description

Sales of fuel to the armed forces of the United States or the national guard are exempt from the special fuel tax if the fuel is:

- used exclusively in ships, or
- exported from Washington.

Purpose

Encourages the purchase of fuel in Washington and saves the armed forces the administrative burden of applying for a fuel tax refund for the amount used in ships.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.024	$0.027	$0.027	$0.028
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.024	$0.027	$0.027	$0.028
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for the special fuel tax collections reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing Fiscal Year 2014 fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1933
Primary Beneficiaries:	United States Military
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	Excluded from JLARC review

82.38.080(2b) - Fuel sold to foreign governments

Description

Fuel sold to foreign diplomatic and consular missions are exempt from the special fuel taxes if the foreign government represented grants an equivalent exemption to missions and personnel of the United States performing similar services in the foreign country.

Purpose

To maintain good foreign relations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.014	$0.015	$0.016	$0.016
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.014	$0.016	$0.016
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for the motor vehicle fuel tax collections reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing Fiscal Year 2014 fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1967
Primary Beneficiaries:	Foreign Governments
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.38.080(2c) - Racing fuel

Description

Sales of fuel used exclusively for racing, and not legally allowed on the public highways of this state is exempt from the special fuel tax.

Purpose

To recognize fuel tax receipts can only be used for highway purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This type of fuel is not typically available to the general public, is brought in from out of state, used for off road purposes, cannot be used in standard motor vehicles without substantial modification to the vehicle engine, and does not have fuel tax included in the sales price.
- The taxpayer savings on this exemption is indeterminate, but minimal.
- Indeterminate but minimal revenue would be recognized by the state if this exemption is repealed.

Data Sources

The Department of Licensing Fuel Tax Data Section does not track this exemption.

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1998
Primary Beneficiaries:	Automobile Racetracks and Racing Teams
Taxpayer Count:	396
Program Inconsistency:	None
JLARC Review:	Not reviewed by JLARC

82.38.083 - Handling losses for motor vehicle fuel

Description

A motor vehicle and special fuel tax deduction is allowed for losses sustained in handling fuel. The deduction is 0.25 percent of the net taxable gallons for vehicle fuel suppliers acting as a distributor and 0.31 percent for all other licensees.

Purpose

To reflect fuel losses resulting from handling and evaporation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.292	$3.780	$3.807	$3.828
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.465	$3.807	$3.828
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate for the combined fuel tax collections reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing Fiscal Year 2014 fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	All fuel taxpayers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	Not on JLARC review schedule

82.38.180(1a) - Non-highway fuel use

Description

The motor vehicle and special fuel taxes may be refunded for taxes paid on fuel purchased for purposes other than propulsion of motor vehicles upon highways of this state. A refund may not be made for fuel consumed by a motor vehicle required to be registered under 46.16A RCW.

Purpose

Under the 18th Amendment to the state constitution, fuel tax receipts can only be used for highway purposes. The refund helps to assure that the tax applies only to fuel used on public highways.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$8.722	$10.090	$10.296	$10.445
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$9.249	$10.296	$10.445
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rates for motor vehicle and special fuel taxes reflected in the March 2015 Fuel Tax forecast.
- This estimate does not include the use tax deducted from the refunded amounts; the use tax adjustment would remain and not impact the net change.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1923
Primary Beneficiaries:	Users of fuel for off public road purposes
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2007

82.38.180(1b) - Exported fuel refunds

Description

The motor vehicle and special fuel taxes may be refunded for taxes paid on fuel exported for use outside this state. This does not include fuel distributed to a federally recognized Indian tribal reservation within Washington.

Purpose

To impose fuel tax only on fuel used on Washington's public highways.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.177	$2.503	$2.527	$2.545
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.295	$2.527	$2.545
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the motor vehicle and special fuel tax growth rates reflected in the March 2015 Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Washington State Department of Transportation March 2015 Fuel Tax Forecast
- Department of Licensing Taxpayer Data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1923
Primary Beneficiaries:	Fuel Exporters
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2007

82.38.180(1d,e); 82.38.180(2d) - Lost or destroyed fuel

Description

The motor vehicle and special fuel taxes may be refunded for taxes paid on fuel which is lost or destroyed through fire, lightening, flood, wind storm, or explosion. A tax refund is also available for losses of 500 gallons or more through leakage or other casualty except evaporation, shrinkage, or other unknown causes.

A refund may be requested for special fuel taxes paid on fuel inadvertently mixed with dyed special fuel.

Purpose

To impose fuel tax only on fuel used on Washington's public highways.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amounts for this exemption are included with the exemption for non highway fuel use, RCW 82.38.18(1a).

Data Sources

- Department of Licensing fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1923
Primary Beneficiaries:	Persons who lost fuel or had fuel destroyed
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2007

82.38.180(1f) - Power pumping unit

Description

The motor vehicle or special fuel tax may be refunded for tax paid on fuel used in power pumping units or other power take-off equipment of any motor vehicle which is accurately measured by metering devices that have been specifically approved by the Department of Licensing or by a formula determined by the Department of Licensing.

Purpose

Under the 18th Amendment to the state constitution, fuel tax receipts can only be used for highway purposes. The refund helps to assure that the tax applies only to fuel used on public highways.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.793	$3.235	$3.307	$3.360
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.965	$3.307	$3.360
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rates for motor vehicle and special fuel taxes reflected in the March 2015 Fuel Tax forecast.
- This estimate does not include the use tax deducted from the refunded amounts; the use tax adjustment would remain and not impact the net change.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- This estimate includes the increase in the motor vehicle and special fuel tax rates enacted by 2ESSB 5987 (2015).

Data Sources

- Department of Licensing fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1971
Primary Beneficiaries:	Persons that use power pumping equipment
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.38.180(2a) - Logging operations using federally owned roads

Description

The special fuel tax may be refunded for tax paid on fuel used for the operation of a motor vehicle as a part of or incidental to logging operations on a highway under federal jurisdiction within the boundaries of a federal area if:

- The federal government requires a fee for the privilege of operating the motor vehicle upon the highway, or
- The proceeds are reserved for constructing or maintaining roads in the federal area.

Purpose

To lower the cost of logging operations on federal land.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amounts for this exemption are included with the exemption for non highway fuel use, RCW 82.38.18(1a).

Data Sources

- Department of Licensing fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1998
Primary Beneficiaries:	Logging Companies and Log Haulers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.38.180(2b) - Special mobile equipment

Description

The special fuel tax may be refunded on tax paid on fuel used by special mobile equipment as defined in RCW 46.04.552.

Purpose

Fuel tax receipts can only be used for highway purposes under the 18th Amendment to the state constitution. The refund helps to assure that the tax applies only to fuel used on public highways.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amounts for this exemption are included with the exemption for non highway fuel use, RCW 82.38.18(1a).

Data Sources

- Department of Licensing fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1971
Primary Beneficiaries:	Persons using special mobile equipment
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.38.180(2c) - Incidental use of public highway

Description

The special fuel tax paid on fuel may be refunded for fuel in a motor vehicle used for movement between two pieces of private property where the movement is incidental to the primary use of the vehicle.

Purpose

Under the 18th Amendment to the state constitution, fuel tax receipts can only be used for highway purposes. The refund helps to assure that the tax applies only to fuel used on public highways.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amounts for this exemption are included with the exemption for non highway fuel use, RCW 82.38.18(1a).

Data Sources

- Department of Licensing fuel tax data
- Washington State Department of Transportation March 2015 Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1979
Primary Beneficiaries:	General Public
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.42.020 - Fuel previously taxed

Description

The aircraft fuel tax is collected and paid to the state only once for the same fuel. Sales of aircraft fuel on which the tax was previously paid are deductible from the total tax due.

Purpose

To eliminate double taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.355	$0.359	$0.363	$0.367
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.329	$0.363	$0.367
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1967
Primary Beneficiaries:	Aviators
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC has not scheduled for review

82.42.030(1,2) - Imported and exported fuel

Description

Aircraft fuel sold for export and exported from Washington and fuel imported into this state intended for use in foreign or interstate commerce is exempt from the aircraft fuel tax.

Purpose

To encourage the sale of aircraft fuel in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$76.197	$77.336	$78.287	$79.123
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$70.891	$78.287	$79.123
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1967
Primary Beneficiaries:	Fuel Importers and Exporters
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.42.030(3) - Aircraft fuel sold to federal government

Description

Aircraft fuel sold to the federal government is exempt from the aircraft fuel tax.

Purpose

To lower the cost of government.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.602	$5.686	$5.756	$5.817
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.212	$5.756	$5.817
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1971
Primary Beneficiaries:	Federal Government
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	Excluded from JLARC review

82.42.030(4,5) - Commercial air operations

Description

The aircraft fuel tax does not apply to fuel used by commercial air carriers, supplemental carriers licensed under a certificate of public convenience, or a local service commuter if the fuel is delivered directly into the aircraft fuel tanks.

Purpose

To lower the cost of air carrier operations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$45.907	$46.593	$47.166	$47.669
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$42.710	$47.166	$47.669
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1967
Primary Beneficiaries:	Commercial Air Carriers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.42.030(6) - Emergency air transportation

Description

Aircraft fuel sold to emergency medical air transport service providers is exempt from the aircraft fuel tax.

Purpose

Lowers the cost of providing emergency medical air transport services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.963	$1.993	$2.017	$2.039
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.827	$2.017	$2.039
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2003
Primary Beneficiaries:	Medical Air Transport Service Providers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC is reviewing in 2014

82.42.030(7) - Fuel sold to licensed distributors

Description

Aircraft fuel sold to a licensed aircraft fuel distributor is exempt from the aircraft fuel tax.

Purpose

To avoid double taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$40.642	$41.249	$41.757	$42.202
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. RCW 82.42.020 states, "The taxes imposed by this chapter must be collected and paid to the state but once in respect to any aircraft fuel." Without this exemption, taxes would be collected, and then refunded.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Aircraft Fuel Distributors
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2023

82.42.030(8) - Fuel delivered into certified bulk storage tanks

Description

Aircraft fuel delivered into the bulk storage tank of a certified user is exempt from the aircraft fuel tax.

Purpose

To lower the cost of operations for commercial air carriers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$14.239	$14.452	$14.630	$14.786
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$13.248	$14.630	$14.786
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate will mirror the growth rate reflected in the March 2015 Aviation Fuel Tax forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Certified Users of Aviation Fuel
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2023

82.42.030(9,10) - Aircraft testing or crew training

Description

The aircraft fuel tax does not apply for fuel used in aircraft utilized for:

- Testing or experimental purposes, or
- Training of crews of certified air carriers in Washington.

Purpose

To lower operating costs of developing new aircraft and for training crews of certified air carriers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amounts for this exemption are included with the amounts for sales of aviation fuel used by commercial air carriers, RCW 82.42.030 (4)(5)

Data Sources

- Department of Licensing fuel tax data
- Department of Transportation March 2015 Aviation Fuel Tax Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1967
Primary Beneficiaries:	Persons who train commercial pilots or use aircraft in testing or experimental purposes
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.42.230(1) - Crop dusting

Description

A refund is available for aircraft fuel tax paid on fuel consumed in aircraft principally used for spraying crops if the aircraft operates from a private, non-state-funded airfield during at least 95 percent of the aircraft's normal use.

Purpose

To lower the tax burden on agriculture.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Taxpayer savings are unknown due to a lack of specific data from the Department of Licensing.

Data Sources

Department of Licensing

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1982
Primary Beneficiaries:	Unknown
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

Hazardous Substance Tax

82.21.040 - Agricultural crop protection products

Description

Possession of agricultural crop protection products such as pesticides and insecticides are exempt from the hazardous substance tax if the products are:

- solely for use by a farmer or certified applicator,
- warehoused in Washington State, or transported to or from the state, and
- not used, manufactured, packaged for sale, or sold in the state.

This exemption takes effect September 1, 2015, and expires January 1, 2026.

Purpose

The Legislature states the intent is to encourage regional competitiveness of agricultural distribution.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.225	$0.300	$0.300	$0.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.275	$0.300	$0.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- For distributors of agricultural products such as seed, feed, fertilizer, pesticides, herbicides, and fuels, 55 percent of their wholesale sales are pesticides.
- For businesses that are primarily merchant wholesalers of nondurable goods, 5 percent of their wholesale sales are pesticides.
- An export sale of a hazardous substance that triggered a hazardous substance tax liability also entitles the taxpayer to an interstate and foreign sales deduction against the B&O tax for the activity of wholesaling.
- The taxable value of the hazardous substance was the same as the value of the export sale.
- No growth, declining petroleum prices will have no direct affect on hazardous substance tax collections.
- September 1, 2015 effective date, with 9 months of taxpayer savings in Fiscal Year 2016.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Continued

82.21.040 - Agricultural crop protection products

Data Sources

- Department of Revenue Non-general Fund Forecast, September, 2015
- Department of Revenue excise tax data
- Washington State Department of Agriculture pesticide registration list

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Wholesalers who import and re-export pesticides
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	None scheduled

82.21.040(1) - Successive uses of hazardous substance

Description

Any successive possession of a previously taxed hazardous substance is exempt from the hazardous substance tax.

Purpose

To avoid double taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$262.699	$303.921	$347.353	$381.575
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$278.594	$347.353	$381.575
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the hazardous substance tax growth rate reflected in the Department of Revenue's February 2015 non-general fund forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's February 2015 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Wholesalers, distributors, and retailers of hazardous substances
Taxpayer Count:	550
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.21.040(2) - Domestic uses of hazardous substance

Description

Possession of a hazardous substance by a natural person for personal or domestic purposes is exempt from the hazardous substance tax.

Purpose

To limit the tax to those using the hazardous substance for business purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.542	$0.531	$0.520	$0.510
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.487	$0.520	$0.510
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This represents minimum amount of hazardous substances that are exempt from hazardous substance tax due to domestic use.
- The growth rate for the domestic use of hazardous substances decreases by 2 percent annually into the future.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- United States Energy Information Administration
- Department of Revenue February 2015 Non-General Fund Forecast, Environmental Legacy Stewardship Account

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1989
Primary Beneficiaries:	Domestic users of hazardous substances
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has not reviewed

82.21.040(3) - Minimal amount of hazardous substance

Description

Possession of a minimal amount of a hazardous substance (as determined by the Department of Ecology) by a retailer for the purpose of making sales to consumers is exempt from the hazardous substance tax. This exemption does not apply to pesticides or petroleum products.

Purpose

To avoid the administrative burden of collecting taxes on a large number of taxpayers for minimal amounts. The administrative burden would be on the collecting agency as well as the businesses that would have to report small amounts of tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.012	$0.012	$0.012	$0.012
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.006	$0.007	$0.009
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- A "minimal" amount of hazardous substance is an amount with a wholesale value of less than $1,000 possessed during any calendar month.
- Approximately 20 percent of retail businesses in border counties have out-of-state suppliers that have not already paid hazardous substance tax.
- July 1, 2016 effective date, with 11 months of cash collections in Fiscal Year 2017.
- A conservative annual growth of 2 percent is applied.
- These taxpayers are small retailers not primarily in the business of selling hazardous substances. They may not be immediately aware of a law change, so reporting compliance is expected to be:
  - 50 percent revenue collections in Fiscal Year 2016,
  - 60 percent revenue collections in Fiscal Year 2017,
  - 70 percent revenue collections in Fiscal Year 2018, and
  - 80 percent revenue collections in Fiscal Year 2019 and thereafter.

Data Sources

- Department of Revenue tax return data

Continued

82.21.040(3) - Minimal amount of hazardous substance

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1989
Primary Beneficiaries:	Small retailers whose primary business is not selling hazardous substances
Taxpayer Count:	1,500
Program Inconsistency:	None evident
JLARC Review:	JLARC has not reviewed

82.21.040(4) - Alumina and natural gas

Description

Alumina and natural gas are exempt from the hazardous substance tax.

Purpose

To avoid taxation of alumina and natural gas.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$13.004	$13.004	$13.004	$13.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$11.921	$13.004	$13.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Full production of aluminum at Washington smelters.
- No growth factor used.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- United States Energy Information Administration - Washington natural gas consumption
- Alumina price is the spot price in February, 2015

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Washington users of natural gas and alumina
Taxpayer Count:	3,500
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.21.040(5) - Constitutional or Federal prohibition on hazardous substance

Description

Persons or activities that the United States Constitution prohibits taxing are exempt from the hazardous substance tax.

Purpose

To prevent violating constitutional law.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because such an act would be unconstitutional.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Collecting tax revenue would be unconstitutional.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has not reviewed

82.21.040(6) - Hazardous substance used prior to 3/1/1989

Description

Possession of a hazardous substance obtained prior to March 1, 1989 is not subject to the hazardous substance tax.

Purpose

To prevent taxing those who possessed the hazardous substance prior to the enactment of the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

The repeal of this exemption would not result in additional tax revenues. Taxpayers involved in various activities related to petroleum pay the majority of hazardous substance tax. Petroleum products have a shelf life, so it is unlikely product from 1989 continues to be stored in Washington.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No hazardous substances obtained prior to March 1, 1989 remain in inventory in Washington State.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has not reviewed

82.21.050(1) - Fuel exported in fuel tanks

Description

Hazardous substance tax previously paid on fuel carried from this state in the fuel tank of any airplane, ship, truck, or other vehicle is eligible for a credit against the hazardous substance tax.

Purpose

Avoids taxing fuel used outside of Washington. The purpose of the hazardous substance tax is to use its receipts to clean up hazardous substance sites within Washington, and fuel consumed primarily outside the state are unlikely to contribute to such sites

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$14.263	$16.501	$18.859	$20.717
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$15.126	$18.859	$20.717
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the hazardous substance tax growth rate reflected in the Department of Revenue's February 2015 non-general fund forecast.
- Eleven months of cash collections in fiscal year 2017 due to July 1, 2017 effective date.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's February 2015 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Petroleum refiners
Taxpayer Count:	12
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.21.050(2) - Taxes paid in other states

Description

A credit is allowed against the hazardous substance tax for any hazardous substance tax paid to another state with respect to the same hazardous substance. The amount of the credit cannot exceed the hazardous substance tax liability for that substance.

Purpose

To avoid the possibility of double taxation of the same product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue because federal law prohibits double taxation (of the same product) of firms operating on an interstate basis.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The amounts for this exemption are included with the exemption for fuel exported in fuel tanks, RCW 82.21.050(1).

Data Sources

- Department of Revenue excise tax data
- Department of Revenue's February 2015 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Persons purchasing hazardous substances out of state and bringing them into Washington
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Unable to find on JLARC review schedule

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; or
- 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 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.320	$2.370	$2.430	$2.490
Local Taxes	$9.350	$9.830	$10.220	$10.640

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.173	$2.430	$2.490
Local Taxes	$0.000	$9.011	$10.220	$10.640

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- County assessor data
- State property tax levy model

Continued

35.21.755 - Public corporations

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1974
Primary Beneficiaries:	• Public Housing Authorities, • Preservation and Development Authorities, • The Meydenbauer Convention Center in Bellevue, • The Thea Foss Esplanade in Tacoma, and • Property of the Regional Transit Authority.
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

Insurance Premium Tax

48.14.020(1) - Title insurance

Description

Title insurance companies are exempt from the 2.0 percent insurance premiums tax. However, they do pay B&O tax under the 0.471 percent retailing classification and collect retail sales tax from their customers.

Purpose

To reflect the fact that title insurance is subject to retail sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$6.500	$6.700	$7.000	$7.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue. However, there would be a net reduction in tax revenues by switching the activity to the insurance premiums tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.200	$7.000	$7.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base (premiums) growth of 4 percent a year.
- The activity will also be subject to the B&O tax and retail sales tax.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1947
Primary Beneficiaries:	Title insurance companies
Taxpayer Count:	12
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

48.14.020(4) - Ocean marine insurance

Description

Ocean marine and foreign trade insurers receive:

(1) A preferential insurance premiums tax rate of 0.95 percent, and
(2) A deduction for losses.

Other domestic and foreign insurers pay a 2.0 percent insurance premiums tax with no deduction for losses.

Purpose

To support ocean marine commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.000	$2.000	$2.000	$2.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.800	$2.000	$2.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- On average, loss is 70 percent of premiums.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1947
Primary Beneficiaries:	Companies that provide ocean marine and foreign trade insurance
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

48.14.0201(6a) - Medicare receipts

Description

Health maintenance organizations and health care service contractors are exempt from the insurance premiums tax on Medicare payments received from the federal government.

Purpose

Reduces the cost of providing health care for Medicare patients.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$78.835	$82.666	$86.683	$90.895
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$75.777	$86.683	$90.895
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources

Washington State Office of Insurance Commissioner

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1993
Primary Beneficiaries:	Health maintenance organizations and health care service contractors that provide coverage for Medicare patients
Taxpayer Count:	27
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

48.14.0201(6b) - Washington Basic Health Care receipts

Description

Medical care receipts as provided in RCW 74.09.035 and Basic Health Care premiums are exempt from the insurance premiums tax.

Purpose

To avoid taxing receipts from state sources.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.964	$1.964	$1.964	$1.964
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.800	$1.964	$1.964
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

Washington State Office of Insurance Commissioner

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1993
Primary Beneficiaries:	Health care service contractors
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

48.14.0201(6c) - Dentistry prepayments

Description

Health service contractors and health maintenance organizations are exempt from the insurance premiums tax for amounts received for dental coverage.

Amounts paid for insurance coverage for pediatric oral services are subject to the premiums tax if the services are:

- Offered by a health service contractor or health maintenance organization, and
- Qualify as coverage for the minimum essential coverage requirement under the Patient Protection and Affordable Care Act.

Purpose

To reduce the cost of providing dental coverage.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$11.977	$11.977	$11.977	$11.977
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.979	$11.977	$11.977
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

Washington State Office of Insurance Commissioner

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1993
Primary Beneficiaries:	Health care service contractors
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

48.14.021; 48.14.020 - Pensions, annuities, profit-sharing plans

Description

Premiums received from policies or contracts issued in connection with a pension, annuity, or profit-sharing plan which is qualified under the Internal Revenue Code are exempt from insurance premiums tax. Most of the revenue impact is associated with annuities; insurance companies receive little income related to pensions or profit-sharing plans.

Purpose

To support pensions, annuities and profit-sharing plans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$82.800	$82.800	$82.800	$82.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$75.900	$82.800	$82.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Average annual revenue of $4.1 billion.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1963
Primary Beneficiaries:	Insurance companies with these products
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	Unable to find on JLARC review schedule

48.14.022 - Health insurance by Washington State Pool

Description

Carriers that receive premiums and prepayments from plan enrollees for health coverage provided under the Washington State Health Insurance Pool pursuant to Chapter 48.41 RCW are exempt from insurance premiums tax on those amounts. In addition, carriers, health care service contractors and HMOs may deduct assessments paid to the Washington State Health Insurance Pool from their taxable premiums. Any unused portion of the deduction can be carried forward and used in successive years until the deduction is exhausted.

Purpose

To reduce the cost of providing health insurance to persons otherwise unable to obtain coverage because they may be considered high risk.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.800	$0.800	$0.800	$0.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue. However, this could cause insurers to pass the amount of the assessment on to their regular policy holders and thereby make health insurance more expensive for the general population.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.700	$0.800	$0.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Total assessments will average $40 million a year.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Health Insurance Pool

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Persons with coverage under the Health Insurance Coverage Access Act
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

48.32.145; 48.32A.125 - Insurance guarantee association assessments

Description

Property, casualty, life and disability insurers may claim a credit against their insurance premiums tax for assessments made by the Washington Insurance Guarantee Association to pay covered claims of insolvent insurers. Credit may be taken over a five-year period.

Purpose

To ensure payment of claims against insolvent insurance companies and that the cost is not borne by the policyholders of the surviving companies.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.480	$0.480	$0.480	$0.480
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.480	$0.480	$0.480
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Assumes average minimum impact of $480,000 per year.
- Full impact is unpredictable and unknown.

Data Sources

- Office of the Insurance Commissioner
- Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1976
Primary Beneficiaries:	Insurance companies
Taxpayer Count:	1,000
Program Inconsistency:	The state does not normally become involved in payment of debts of private businesses
JLARC Review:	JLARC completed a full review in 2012

48.36A.240 - Fraternal benefit societies

Description

Fraternal benefit societies governed by Chapter 48.36A RCW are exempt from all state and local taxation, other than taxes on real estate and office equipment. As a result, fraternal benefit societies are exempt from insurance premiums tax on policies they provide for their members.

Purpose

To support the programs of fraternal benefit societies.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.200	$4.300	$4.500	$4.600
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.000	$4.500	$4.600
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax base (premiums) growth of 3.5 percent a year.
- Premiums from all lines of insurance taxed.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Office of the Insurance Commissioner

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1947
Primary Beneficiaries:	Fraternal benefit societies
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

Leasehold Excise Tax

82.29A.020(1) - Manufacturing for government

Description

The term "leasehold interest" excludes any interest in personal property owned by the United States government or a foreign government, if the right to use such property is part of a contract to produce articles for sale to these governments.

Purpose

Minimizes the cost of the articles produced and to encourage the federal government to contract with Washington businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Tooling held for defense contracts is usually owned by the government, and bailed back to the contractors. When a contract ends, the tooling, being property of the government, returns to the government.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study
- Department of Revenue excise tax returns

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Contractors with the federal and foreign governments
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.29A.020(1)(b)(i) - Easements for removing products

Description

The term "leasehold interest" excludes road or utility easements, and rights of access, occupancy or use granted solely for the purpose of removing materials or products purchased from a public owner or lessee, and rights of access, occupancy, or use granted solely for the purpose of natural energy resource exploration.

Purpose

To minimize costs to private firms and individuals who use public lands for these purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.252	$0.258	$0.264	$0.271
Local Taxes	$0.221	$0.226	$0.232	$0.238

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.258	$0.264	$0.271
Local Taxes	$0.000	$0.226	$0.232	$0.238

Assumptions

- Growth in value of these easements will mirror the general forecasted growth for leasehold excise tax collections.
- Any possible single, high-value easement granted during the scope of this estimate would pull these numbers higher.
- Fewer than 50 such easements rights are granted for product removal annually.

Data Sources

- Washington State Department of Revenue Tax Statistics
- Washington State Economic and Revenue Forecast Council

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1976
Primary Beneficiaries:	Utility companies and other businesses and individuals who must have long-term access across public lands or who use public roads on a temporary basis to remove timber, minerals, etc. that are purchased from public entities
Taxpayer Count:	Fewer than 50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.020(1)(b)(ii) - Publicly owned cargo cranes & docks

Description

The term "leasehold interest" does not include the preferential use of publicly owned cargo cranes and docks and associated areas used in the loading and discharging of cargo located at a port district marine facility.

Purpose

To minimize costs to private firms and individuals who use public lands for these purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.118	$5.226	$5.357	$5.498
Local Taxes	$4.490	$4.585	$4.699	$4.823

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.226	$5.357	$5.498
Local Taxes	$0.000	$4.585	$4.699	$4.823

Assumptions

- Port of Vancouver and Port of Everett rents are 50 percent of the averages of those in Seattle and Tacoma.
- Port of Olympia rents are 30 percent of the averages of those in Seattle and Tacoma.

Data Sources

- Audit Division, Department of Revenue
- Special Programs Division, Department of Revenue
- Washington State Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2012
Primary Beneficiaries:	Private entity using publically owned cargo cranes, docks, and associated areas
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2022

82.29A.020(2b) - Hanford lease fees

Description

For purposes of determining leasehold tax on lands on the Hanford reservation which are subleased to a private or public entity by the Department of Ecology, the term "taxable rent" includes only the annual cash rental payment and does not include fees, assessments or other charges.

Purpose

To reduce the cost of such leases.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is not disclosable due to confidentiality requirements. This exemption impacts fewer than three taxpayers.

Data Sources

Washington State Department of Ecology

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1991
Primary Beneficiaries:	Companies providing radioactive waste cleanup at Hanford
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.29A.120(1) - Senior and disabled homeowners exemption OR Credit for excessive leasehold tax

Description

A credit is allowed against leasehold excise tax for a lease of property that would qualify for a property tax exemption under RCW 84.36.381 if the property were privately owned. The allowable credit amount is a percentage equal to the percentage reduction from the property tax exemption under RCW 84.36.381.

Purpose

To provide similar exemption allowed for property tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

No data is available to determine if this credit is being utilized.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1986
Primary Beneficiaries:	Lessees of public property
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.29A.120(2) - Product leases credit of 33 percent

Description

A credit equal to 33 percent of the tax otherwise due on product leases, i.e., leases where the lessee pays the lessor a percentage of the value of the crop produced on the land.

Purpose

To support agriculture.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.309	$0.315	$0.323	$0.332
Local Taxes	$0.271	$0.277	$0.283	$0.291

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.315	$0.323	$0.332
Local Taxes	$0.000	$0.277	$0.283	$0.291

Assumptions

Annual growth of 3.6 percent.

Data Sources

- Department of Revenue leasehold tax databases
- Washington State Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1976
Primary Beneficiaries:	Farmers who produce crops or graze livestock on publicly owned land
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.125 - Electric vehicle infrastructure

Description

Provides that leasehold interests in public lands are exempt from state and local leasehold excise taxes, if the purpose of the leasehold interest is to install, maintain, and operate electric vehicle infrastructure. This exemption expires January 1, 2020.

Purpose

To encourage installation of electric vehicle infrastructure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate

Assumptions

- The revenue impact of this exemption is indeterminate.
- The number of charging stations located on public property is Indeterminate but the impact to the leasehold excise tax is thought to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Owners of electric vehicle charging facilities
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.29A.130(3) - Subsidized housing

Description

A lease of subsidized housing owned by the U.S. government, the state, or any political subdivision is not subject to leasehold excise tax. There must be an income qualification for such housing in order for the exemption to apply.

Purpose

To support public housing for low-income individuals.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$10.431	$10.829	$11.242	$11.671
Local Taxes	$9.150	$9.499	$9.861	$10.238

Repeal of exemption

Repealing this exemption may increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.829	$11.242	$11.671
Local Taxes	$0.000	$9.499	$9.861	$10.238

Assumptions

- Annual increase in monthly rents for the period of this estimate will match the observed increases from 2004 - 2013.
- Number of subsidized housing units will remain the same over the period of this estimate.

Data Sources

- Washington State Department of Revenue 2012 Exemption Study
- United States Department of Housing and Urban Development
- University of Washington Center for Real Estate Research

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Public housing authorities and the individuals who reside in subsidized housing
Taxpayer Count:	14,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.29A.130(5) - Public employee housing

Description

When public employees are required by the terms of their employment to live in a publicly owned property (e.g., at state parks), the leasehold interest in that property used as the employee's residence is not subject to leasehold excise tax.

Purpose

This exemption supports legislative policy to not tax government. Also, the tax would in essence reduce employee compensation or increase government costs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.116	$0.118	$0.121	$0.124
Local Taxes	$0.101	$0.104	$0.106	$0.109

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.118	$0.121	$0.124
Local Taxes	$0.000	$0.104	$0.106	$0.109

Assumptions

The arrangement between the Washington State Department of Parks and Recreation and its employees is still the same in regards to these living arrangements.

Data Sources

- Washington State Department of Revenue Tax Statistics publication
- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Parks and Recreation

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Public employees who must live in government housing
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(6-7) - Indian trust lands

Description

Leasehold interest in Indian lands by any Indian or Indian tribe is exempt from leasehold tax for property held in trust by the United States. Leases by non-Indians are exempt when the contract rent paid is greater than or equal to 90 percent of fair market rental value.

Purpose

Federal law prohibits the taxation of trust lands of enrolled Indians.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.846	$0.864	$0.886	$0.909
Local Taxes	$0.742	$0.758	$0.777	$0.797

Repeal of exemption

State taxation of nontribal members is not prohibited but could lead to litigation.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.792	$0.886	$0.909
Local Taxes	$0.000	$0.695	$0.777	$0.797

Assumptions

- The ratio of statewide retail leases per square foot to leases at Quilceda Village in 2011 is consistent with the same ratio in 2014.
- No additional retail square footage will be added between FY 2016 and FY 2021.
- Occupancy rates will remain consistent throughout estimate period.

Data Sources

- Loopnet.com
- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study
- Washington State Tax Statistics Publication

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Indians and non-Indians with qualifying leases of Indian property
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(8-9) - Leases less than $250 per year or 30 days

Description

Leases of public property are exempt from leasehold tax if the total annual rent is less than $250 or if the lease period does not exceed 30 consecutive days in duration.

Purpose

The $250 annual threshold supports small businesses and provides administrative convenience for both lessees and lessors. The 30 day threshold can apply to both small and large lessees. It encourages short-term events, such as sporting events and trade shows, to take place in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.365	$1.416	$1.467	$1.521
Local Taxes	$1.198	$1.242	$1.287	$1.334

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.298	$1.467	$1.521
Local Taxes	$0.000	$1.138	$1.287	$1.334

Assumptions

- Future growth rate for leasehold excise tax will mirror historical growth rates.
- Base number adjustment used in 2012 exemption study is accurate.

Data Sources

- 2012 Washington State Department of Revenue Exemption Study
- Department of Revenue Tax Statistics publication

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1976
Primary Beneficiaries:	Qualifying lessees
Taxpayer Count:	Less than 100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.29A.130(10) - Homes pending destruction

Description

Month-to-month leases in residential units rented for residential purposes pending destruction or removal to construct a public highway or building are exempt from leasehold tax.

Purpose

When a private residence is either condemned or purchased outright to make way for a public project, this exemption provides tax relief during the transition period.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.048	$0.050	$0.052	$0.054
Local Taxes	$0.042	$0.044	$0.046	$0.047

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.050	$0.052	$0.054
Local Taxes	$0.000	$0.044	$0.046	$0.047

Assumptions

- Future growth rate for leasehold excise tax will mirror historical growth rates.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue Leasehold Excise tax data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1976
Primary Beneficiaries:	Residents of homes awaiting destruction or removal
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(11) - Public works contracts

Description

Leasehold excise tax does not apply to leasehold interests of public works contractors who use public property while completing public works projects for the State or the federal government.

Purpose

To minimize the cost to government of public works construction projects.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.039	$0.041	$0.042	$0.044
Local Taxes	$0.034	$0.036	$0.037	$0.038

Repeal of exemption

Repealing this exemption may possibly increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.041	$0.042	$0.044
Local Taxes	$0.000	$0.036	$0.037	$0.038

Assumptions

Future growth rate for leasehold excise tax will mirror historical growth rates.

Data Sources

Department of Revenue Tax Statistics

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1976
Primary Beneficiaries:	Public works contractors and the government entities with whom they contract
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.29A.130(12) - Inmate employment programs

Description

This statute provides leasehold tax exemption for businesses that use space in State adult correctional facilities in conjunction with comprehensive inmate work programs.

Purpose

To promote inmate work programs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Class 1 Department of Corrections (DOC) industries were ruled unconstitutional by the Washington State Supreme Court in 2004.
- There is no revenue impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1992
Primary Beneficiaries:	None currently
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.29A.130(13) - Camps for disabled persons

Description

Leasehold interests of nonprofit, social service organizations used to provide organized and supervised recreational activities for disabled persons of all ages in a camp facility and for public recreational purposes are exempt from leasehold tax.

Purpose

To support the activities of qualifying nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.243	$0.248	$0.254	$0.261
Local Taxes	$0.213	$0.217	$0.223	$0.229

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.227	$0.254	$0.261
Local Taxes	$0.000	$0.199	$0.223	$0.229

Assumptions

- Growth in exemption for these camps will mirror the forecast growth rate for all leasehold excise tax.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.

Data Sources

- Various websites for camps for disabled persons
- Department of Revenue Tax Statistics publication
- Economic and Revenue Forecast Council February 2015 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Organizations that operate camps for disabled person on leased pubic property
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.29A.130(14) - Professional baseball stadium

Description

All leasehold interests in the public or entertainment areas of a professional baseball stadium located in a county with a population of over one million (e.g. Seattle) are exempt from the leasehold tax. The baseball stadium must have natural turf, a retractable roof or canopy, seating capacity of at least 40,000, and is complete after January 1, 1995, to be eligible for the exemption. The exemption does not extend to nonpublic areas of the stadium such as locker rooms and private offices used exclusively by the lessee.

Purpose

To encourage construction and operation of Safeco Field in King County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Growth of original lease is tied to consumer price index.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Mariners lease agreement
- Bureau of Labor Statistics

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	The Seattle Mariners
Taxpayer Count:	1
Program Inconsistency:	Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and leasehold tax does not apply
JLARC Review:	JLARC completed an expedited review in 2013

82.29A.130(15) - Professional football stadium

Description

A leasehold tax exemption for all leasehold interests in the public or entertainment areas of an open-air stadium that is suitable for professional football and Olympic/World Cup soccer constructed after January 1, 1998. The exemption also applies to an exhibition center and associated work areas primarily servicing public or entertainment areas such as parking facilities adjacent to the stadium. The exemption does not extend to nonpublic areas of the stadium, such as locker rooms and private offices used exclusively by the lessee.

Purpose

To encourage construction and operation of Century Link Field & Exhibition Center.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Expiration of this exemption on July 1, 2016 would lead to a full year of collections based on quarterly payment schedule of leasehold excise tax.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Washington State Public Stadium Authority
- Washington State Economic and Revenue Forecast Council

Continued

82.29A.130(15) - Professional football stadium

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Seattle Seahawks and Seattle Sounders
Taxpayer Count:	1
Program Inconsistency:	Other leases of publicly owned sports facilities are subject to leasehold tax if the lessee has exclusive use of the facility. However, many leases of sports facilities are considered as a license to use the facility rather than an exclusive lease, and leasehold tax does not apply
JLARC Review:	JLARC completed an expedited review in 2014

82.29A.130(16) - Public facilities districts

Description

Leasehold tax does not apply to leasehold interests in property owned by public facilities districts. Facilities covered by the exemption include sports facilities, entertainment venues, conference and convention centers and special events facilities.

Purpose

To encourage construction and utilization of these public facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.108	$1.131	$1.160	$1.190
Local Taxes	$0.972	$0.992	$1.017	$1.044

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.131	$1.160	$1.190
Local Taxes	$0.000	$0.992	$1.017	$1.044

Assumptions

- Growth in building rent for the preceding 4 years has mirrored the overall growth rate in Leasehold excise tax collections.
- Future growth in building rent will mirror the forecasted growth rate over the length of this estimate.
- No new facilities will utilize this exemption for the length of this estimate.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study
- Washington State 2011 Tax Statistics Publication
- Washington State Auditor's Office

Continued

82.29A.130(16) - Public facilities districts

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1999
Primary Beneficiaries:	Public facility districts and persons who lease these facilities
Taxpayer Count:	24
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.29A.130(17) - Historic property

Description

Exemption from leasehold excise tax for leasehold interests in property owned by a municipality or the federal government listed on a federal or state historical register and located within a designated national historic reserve.

Purpose

To support the social benefits provided by publicly owned historical sites.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.023	$0.024	$0.024	$0.024
Local Taxes	$0.021	$0.021	$0.021	$0.021

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.024	$0.024	$0.024
Local Taxes	$0.000	$0.021	$0.021	$0.021

Assumptions

Annual growth of 1.2 percent.

Data Sources

- Fort Vancouver National Trust
- National Park Service

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Lessees of historical property within national historic reserves
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.29A.130(18) - Clark County amphitheater

Description

Exemption from leasehold excise tax is allowed for leasehold interests in the public or entertainment areas of a privately constructed, operated and maintained amphitheater, where both the public owner and the private lessee regularly sponsor events, with a seating capacity of at least 17,000 and is located in a county with a population over 350,000 and less than 425,000 at the time it opened. The exemption does not extend to private offices used predominately by the lessee.

Purpose

To encourage construction, maintenance and operation of an amphitheater in Clark County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- No growth rate assumed, numbers provided are per lease agreement.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Clark County

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Lessees of the Clark County amphitheater
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.29A.130(19) - Military housing

Description

Certain military housing units and ancillary supporting facilities are exempt from property tax and leasehold excise tax. The housing must be located on land owned in fee by the federal government, be used for housing military personnel and their families, and be provided by a development project under the federal Military Housing Privatization Initiative of 1996.

Purpose

To support military housing.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.284	$0.292	$0.301	$0.310
Local Taxes	$0.249	$0.256	$0.264	$0.272

Repeal of exemption

Repealing this exemption may possibly increase revenues. The Department would have to bill individual renters for the leasehold tax. This could be difficult in the changing military environment.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.292	$0.301	$0.310
Local Taxes	$0.000	$0.256	$0.264	$0.272

Assumptions

- No new projects have been undertaken in the last four years (per Office of the Deputy Under Secretary of Defense Installations and Environments website)
- Average rents will increase three percent per year.

Data Sources

- Office of the Deputy Under Secretary of Defense Installations and Environments
- Economic and Revenue Forecast Council, February 2015 forecast
- Washington Center for Real Estate Research

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Companies that own military housing on federal land and their renters
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.29A.132 - 2nd Narrows bridge

Description

There is a leasehold tax exemption for all leasehold interests in the state route number 16 corridor transportation systems and facilities constructed and operated under chapter 47.46. This includes the second bridge over Puget Sound at the Tacoma Narrows and its approaches.

Purpose

This exemption was predicated upon the assumption that upon completion of the bridge, the state would lease the bridge to the private entity that constructed the facility to operate and maintain it for the term of the lease. This statute exempted such a lease from leasehold excise tax. However, the leasing arrangements have since changed and no lease of the facility is contemplated.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. No public property described under this exemption is being leased at this time.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No lease of the facility is currently contemplated.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	Not applicable
JLARC Review:	JLARC completed an expedited review in 2014

82.29A.134 - Regional Transit Authority Sales and Leasebacks

Description

Leasehold interests in property owned by a Regional Transit Authority (RTA) are exempt from leasehold excise tax, if they are in connection with a sale/leaseback arrangement pursuant to RCW 81.112.300.

Purpose

The sale/leaseback arrangement (technically a lease/leaseback) is a financing mechanism to facilitate the acquisition of personal property by a RTA.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The RTA does not use this exemption due to a change in policy by the IRS which no longer allows the investor to write-off depreciation of the equipment.
- No impact.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	Sound Transit and the investor who acquires equipment by this method
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.29A.135 - Manufacturing alternative fuels

Description

Leasehold interests in real and personal property used primarily for manufacturing alcohol fuel, biodiesel fuel, biodiesel feedstock, wood biomass fuel and the operation of an anaerobic digester are exempt from leasehold tax. Firms may apply for the exemption if they are operational before the end of 2015; applications for anaerobic digesters are due by the end of 2012. The exemption is available for six years after the facility is operational.

Purpose

To encourage the production of alcohol for use in gasohol fuel and reduce the reliance on petroleum-based fuel.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No applications for this exemption will be accepted after December 31, 2015.
- This exemption is set to expire before the revenue evaluation period for this exemption.
- Although this exemption provides taxpayer savings it is assumed that no revenue would be realized as the Department is unlikely to revoke a previously granted exemption.

Data Sources

Department of Revenue Special Programs Division

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1980
Primary Beneficiaries:	Manufacturers of alternative fuels
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.29A.136 - Residential and recreational developments

Description

Leasehold interests comprised of three thousand or more residential and recreational lots which are or may be subleased for residential or recreational purposes are exempt from leasehold excise tax and subject instead to property taxes.

Purpose

To treat these lots in a similar manner to other housing and recreational properties. Lessees avoid a processing fee and the properties are governed by the various limits on property tax levies.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.140	$0.146	$0.154	$0.163
Local Taxes	($0.628)	($0.685)	($0.745)	($0.809)

Repeal of exemption

Repealing this exemption would increase revenues for the leasehold tax. Property taxes would decrease.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.113	$0.154	$0.163
Local Taxes	$0.000	($0.713)	($0.745)	($0.809)

Assumptions

- Leasehold excise tax growth rate mirrors that reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of leasehold excise tax collections in Fiscal Year 2017 due to the July 1, 2016 effective date.

Data Sources

- County Assessor data
- Economic and Revenue Forecast Council February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2001
Primary Beneficiaries:	Lessees of lots at Lake Cushman which are owned by the City of Tacoma
Taxpayer Count:	3,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.29A.137 - Super-efficient airplane production facilities

Description

Leasehold interests held by a manufacturer of a super-efficient airplane in property of a port district are exempt from leasehold excise tax. This exemption expires July 1, 2040.

Purpose

Encourages the production of super-efficient airplanes in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

If anyone did take this exemption, then repeal would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There are no known manufacturers of super-efficient airplanes located on port property and none are expected through Fiscal Year 2019.
- July 1, 2016 effective date.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	There are no known beneficiaries
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.29A.138 - Amateur radio repeaters

Description

Owners of amateur radio repeaters (transmission facilities to extend the range of radio signals) which are located on leased public property are exempt from leasehold excise tax. These facilities must be available to public agencies that are qualified responders for use in emergency communications.

Purpose

To encourage emergency communication equipment for amateur radio operators.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.007	$0.007	$0.008	$0.008
Local Taxes	$0.006	$0.006	$0.007	$0.007

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.007	$0.008	$0.008
Local Taxes	$0.000	$0.006	$0.007	$0.007

Assumptions

- Growth rate is a combination of personal income growth for all Washington and actual growth rate between Fiscal Year 2011 and Fiscal Year 2015.
- July 1, 2016 effective date with 11 months cash collections in Fiscal Year 2017.

Data Sources

- Department of Natural Resources
- Office of Financial Management

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Amateur radio operators and amateur radio clubs
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

Liquor Tax

66.20.010(7) - Sales of liquor to the military

Description

Sales of liquor by the Liquor Control Board to authorized representatives of military installations are exempt from liquor sales taxes.

Purpose

This exemption covered sales of liquor made by state operated stores. Currently, there is no purpose for this exemption. The military now purchases liquor from outside the state and does not collect or remit state liquor taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase state revenues. The military purchases liquor from outside the state and does not collect or remit state liquor taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

None

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1933
Primary Beneficiaries:	Military installations and military personnel
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

66.24.290(3b) - Microbrewers beer tax exemption of 1st 60,000 barrels

Description

Microbreweries are exempt from the $4.78 per barrel portion of the beer excise tax on the first 60,000 barrels of beer produced each year.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.910	$3.069	$3.138	$3.265
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.813	$3.138	$3.265
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Liquor Control Board excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1993
Primary Beneficiaries:	Microbreweries
Taxpayer Count:	303
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

Litter Tax


THE LAST GREAT HAMBURGER STAND
FATBURGER
LA ITALIAN
Häagen-Dazs
PANDA EXPRESS
FOOD COURT

82.19.050(1) - Products shipped out of state

Description

Exempts products manufactured or sold in Washington for use or consumption outside of the state from the 0.015 percent litter tax.

Purpose

Recognizes that litter tax is typically associated with the consumption of products in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.936	$0.992	$1.043	$1.094
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.909	$1.043	$1.094
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.

Data Sources

Department of Revenue excise tax data: B&O taxable and interstate sales deduction data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1992
Primary Beneficiaries:	Businesses that pay litter tax
Taxpayer Count:	2,100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.19.050(2) - Agricultural products

Description

Farmers selling agricultural crops and animals at wholesale are exempt from the litter tax.

Purpose

Recognizes food products sold at wholesale are not generally associated with significant amounts of litter.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.398	$1.398	$1.398	$1.398
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.282	$1.398	$1.398
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- No annual growth.

Data Sources

United States Department of Agriculture (2010 - 2015) Farm Income and Wealth Statistics Report

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1971
Primary Beneficiaries:	Farmers
Taxpayer Count:	37,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.19.050(3) - Grocery cooperatives

Description

Products sold by a qualified grocery cooperative to its members are not subject to litter tax.

Purpose

To reflect title to the goods remains with the cooperative and an actual sale does not take place.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Because fewer than three taxpayers benefit from this exemption, the revenue impact is not disclosable.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Qualified grocery cooperatives
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.19.050(4) - Food and beverages consumed on-site

Description

Sales of food and drink for consumption on the premises of the seller, or at an adjacent eating area (e.g., food court at mall), are exempt from litter tax.

Purpose

Recognizes that food and drinks consumed on the premises of the seller generally do not contribute to the litter problem.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.858	$0.888	$0.919	$0.951
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.814	$0.919	$0.951
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate is 3.5 percent based on 10 year average.

Data Sources

Department of Revenue tax collection data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2003
Primary Beneficiaries:	Restaurants and other eating or drinking establishments
Taxpayer Count:	11,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has not scheduled a review

82.19.050(5) - Caterers

Description

Catered food and beverages provided in non-single use containers and served for immediate consumption on the premises controlled by the customer are exempt from litter tax.

Purpose

Relieves caterers from the litter tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.003	$0.003	$0.003	$0.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.003	$0.003	$0.004
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Only caterers that use non-disposable containers qualify, so deliveries made in disposable containers, such as pizza, do not qualify.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate is 5 percent based on average growth of caterers (NAICS 722320) gross income from 2004 through 2014.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Food service and catering businesses
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled an expedited review in 2016

Oil Spill Tax

82.23B.030 - Secondary transportation

Description

Successive receipt or transportation of crude oil or petroleum products is exempt from the oil spill tax after the initial receipt of the same products at a marine terminal.

Purpose

This credit restricts the tax to the initial off-loading of crude oil or petroleum product in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

In order for this exemption to be applicable, oil would have to be off-loaded in Washington from a vessel, reloaded onto another vessel and then off-loaded a second time in the state. It is assumed that this scenario does not happen.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1991
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.23B.040 - Exported petroleum products

Description

Taxpayers may claim a credit against oil spill tax paid on crude oil or petroleum products subsequently exported or sold for export from the state.

Purpose

Allows the tax to apply only to products consumed within the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.379	$2.004	$1.817	$1.629
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.837	$1.817	$1.629
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the 4 cent oil tax for administration growth rate reflected in the Department of Revenue's February 2015 Non-General Fund forecast.
- Eleven months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's February 2015 Non-General Fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1991
Primary Beneficiaries:	Exporters of crude oil or petroleum products that were off-loaded in this state
Taxpayer Count:	20
Program Inconsistency:	Since crude oil or petroleum that is shipped through the state for export is no less likely to spill than similar products that remain in the state, this credit could be considered as being inconsistent with the oil spill prevention and response program
JLARC Review:	Excluded from JLARC review

82.23B.045 - Credit for nonfuel uses of crude oil petroleum products

Description

Taxpayers may claim a credit against oil spill tax paid on crude oil or petroleum products:

(1) not used as fuel or
(2) used as a component or ingredient in a manufacturing process.

Purpose

Ensures the tax applies only to crude oil or petroleum used as fuel.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.125	$0.105	$0.096	$0.086
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.097	$0.096	$0.086
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the 4 cent oil tax for administration growth rate reflected in the Department of Revenue's February 2015 Non-General Fund forecast.
- Eleven months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's February 2015 Non-General Fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1991
Primary Beneficiaries:	Petroleum refiners
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

Pari-mutuel Tax

67.16.105(1) - Nonprofit horse races

Description

Nonprofit horse race events lasting 10 days or less annually are exempt from the pari-mutuel tax.

Purpose

To support nonprofit horse race events and help revive the horse racing industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.006	$0.006	$0.006	$0.006
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.005	$0.006	$0.006
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Pari-mutuel tax rates are:
  - 1.3 percent if gross receipts are more than $50 million in the previous calendar year
  - 1.803 percent if gross receipts are $50 million or less in the previous calendar year
- The exempt racetrack is subject to the higher rate
- No growth since there is currently one exempt taxpayer
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources

Washington Horse Racing Commission 2014 Annual report
http://www.whrc.wa.gov/pdfFiles/annual2014.pdf

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Operators of nonprofit horse race events
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

67.16.105(2) - Differential pari-mutuel tax rates

Description

The pari-mutuel tax on gross receipts of betting machines at licensed horse races features two tax rates depending on the total wagering receipts at the particular track for the previous year.

- If receipts were greater than $50 million, the tax rate is 1.3 percent.
- If receipts were $50 million or less, the tax rate is 1.803 percent.

Purpose

The anticipated revenues at the existing 1.3 percent rate did not generate sufficient funds to cover the state's cost of supervision so the higher 1.803 tax rate was added to the statute in anticipation of a new track in 2002. This track was never constructed and currently the only racetrack in operation pays the original 1.3 percent rate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.391	$0.391	$0.391	$0.391
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.358	$0.391	$0.391
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth since horseracing is declining in Washington
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017

Data Sources

Washington Horse Racing Commission
http://www.whrc.wa.gov/pdfFiles/annual2014.pdf

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1979
Primary Beneficiaries:	Horse-racing tracks
Taxpayer Count:	1
Program Inconsistency:	None
JLARC Review:	Unable to find on JLARC review schedule

Petroleum Products

82.23A.010(1) - Crude oil excluded

Description

The definition of petroleum products includes a variety of products derived from crude oil but excludes crude oil itself. This definition expires July 1, 2020.

Purpose

To avoid taxing both crude oil and substances derived from crude oil.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$24.604	$0.000	$25.861	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$25.861	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The average price of crude oil is equivalent to the forecast for Brent crude reflected in Global Insight's February 2015 forecast.
- The petroleum products tax is imposed for:
  - 9 months in Fiscal Year 2016, and
  - 6 months in Fiscal Year 2018.
- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2016.

Data Sources

- Department of Ecology petroleum and refinery data
- Department of Revenue February 2015 Non-General Fund Forecast, Pollution Liability Insurance Account
- Global Insight February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Refineries, other importers of crude oil
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.010(1) - Liquefied gasses excluded

Description

The definition of taxable petroleum products excludes liquefied or liquefiable gasses such as propane and butane. This definition expires July 1, 2020.

Purpose

This exclusion assumes fuel in a gaseous state imposes much less risk to the environment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.153	$0.000	$0.171	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.171	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2016.
- The petroleum products tax is imposed for 9 months in Fiscal Year 2016 and 6 months in Fiscal Year 2018.
- Washington State liquefied petroleum gas consumption is estimated to grow by 3 percent per year.
- The average price of liquefied petroleum gas is equivalent to the average estimated price of propane.

Data Sources

- US Energy Information Administration
- Department of Revenue February 2015 Non-General Fund Forecast, Pollution Liability Insurance Account
- Global Insight February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Importers or producers of liquefied petroleum gas
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.23A.030(1) - Successive uses of petroleum

Description

Successive possession of previously taxed petroleum products is exempt from the tax. This exemption expires July 1, 2020.

Purpose

To ensure the tax applies only to the first use of petroleum products within the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$82.796	$0.000	$72.103	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$72.103	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the hazardous substance tax growth rate reflected in the Department of Revenue's February 2015 non-general fund forecast, as this forecast mirrors the growth in crude oil prices.
- The petroleum products tax is imposed for 9 months in Fiscal Year 2016 and 6 months in Fiscal Year 2018.
- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2016.

Data Sources

- Department of Revenue excise tax data
- Department of Revenue's February 2015 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Wholesalers, distributors and retailers of petroleum products
Taxpayer Count:	200
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.030(2) - Domestic uses of petroleum

Description

Petroleum used by persons (not businesses) for personal or domestic purposes is exempt from petroleum products tax.This exemption expires July 1, 2020.

Purpose

To ensure the tax applies only to businesses that import or produce petroleum in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.174	$0.000	$0.112	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.112	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- This represents minimum amount of petroleum products that are exempt from petroleum products tax due to domestic use.
- The growth rate for the domestic use of petroleum products decreases by 2 percent annually into the future.
- The petroleum products tax is imposed for 9 months in Fiscal Year 2016 and 6 months in Fiscal Year 2018.
- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2016.

Data Sources

- United States Energy Information Administration
- Department of Revenue February 2015 Non-General Fund Forecast, Pollution Liability Insurance Account

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1989
Primary Beneficiaries:	Non-business users of petroleum products
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.030(3) - Constitutional or Federal prohibition on petroleum

Description

Petroleum products tax does not apply to persons or activities which the state cannot tax under the U.S. Constitution. This exemption expires July 1, 2020.

Purpose

This exemption covers the first use of petroleum products by the military and Indian tribes, as well as products that are in the process of interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because such an act would be unconstitutional.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Collecting tax revenue would be unconstitutional.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1989
Primary Beneficiaries:	The federal government and Indian tribes
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.23A.030(4) - Petroleum used prior to 7/1/89

Description

Possession of petroleum before the effective date of tax (July 1, 1989) is exempt. This exemption expires July 1, 2020.

Purpose

Prevents the tax from applying to petroleum on which the owners did not anticipate having to pay tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No petroleum products obtained prior to July 1, 1989 remain in inventory in Washington State.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.030(5) - Fuel used to process petroleum products

Description

Natural gas, petroleum coke, liquid fuel, and fuel gas used in processing of petroleum products is exempt from the petroleum products tax. This exemption expires July 1, 2020.

Purpose

Excludes fuels consumed in processing and restricts the tax to products sold at retail.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.839	$0.000	$0.559	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.559	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The petroleum products tax is imposed for 9 months in Fiscal Year 2016 and 6 months in Fiscal Year 2018.
- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2017.

Data Sources

- US Energy Information Administration
- Washington State Department of Commerce, Carbon Tax Assessment Model, WA Energy Forecast 2015
- Department of Revenue February 2015 Non-General Fund Forecast, Pollution Liability Insurance Account

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Petroleum refiners
Taxpayer Count:	5
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.030(6) - Exported petroleum products

Description

Petroleum products exported for use outside of Washington are exempt from tax. This exemption expires July 1, 2020.

Purpose

Restricts application of the petroleum products tax to product used in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.144	$0.000	$4.356	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$4.356	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The average price of crude oil is equivalent to the forecast for Brent crude reflected in Global Insight's February 2015 forecast.
- The price change of crude oil over time serves as a proxy for the price change of various other petroleum based products.
- The petroleum products tax is imposed for 9 months in Fiscal Year 2016 and 6 months in Fiscal Year 2018.
- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2017.

Data Sources

- Department of Revenue tax return data
- Department of Revenue February 2015 Non-General Fund Forecast, Pollution Liability Insurance Account
- Global Insight February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Petroleum exporters
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.030(7) - Packaged petroleum products

Description

Petroleum products that are packaged for sale to ultimate consumers are exempt from the petroleum products tax. This exemption expires July 1, 2020.

Purpose

The purpose of the tax is to generate funds to provide adequate insurance and funding for programs to clean up discharges from leaking underground petroleum storage tanks. Presumably packaged products do not have the potential to cause pollution.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The extent of packaged petroleum products is thought to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Importers of packaged petroleum products
Taxpayer Count:	Minimal
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.040(1) - Petroleum exported in fuel tanks

Description

A credit may be claimed against the petroleum products tax for fuel exported from the state in the fuel tank of any vehicle, including airplanes, ships or trucks. This credit expires July 1, 2020.

Purpose

To tax the first use of the products in Washington; which have the potential to cause environmental damage. This credit presumes the risk to the environment reduces significantly after depositing the fuel in the vehicle fuel tank.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.584	$0.000	$4.041	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues. The petroleum products tax was suspended during Fiscal Year 2010. It is expected to be reactivated in Fiscal Year 2016 and again in Fiscal Year 2018.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$4.041	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the hazardous substance tax growth rate reflected in the Department of Revenue's February 2015 non-general fund forecast, as both the hazardous substance tax and the petroleum products tax exempt the same fuel exported in fuel tanks.
- The petroleum products tax is imposed for 9 months in Fiscal Year 2016 and 6 months in Fiscal Year 2018.
- A July 1, 2016 effective date results in no cash collections for Fiscal Year 2016.

Data Sources

- Department of Revenue tax return data
- Department of Revenue's February 2015 non-general fund forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Petroleum refiners
Taxpayer Count:	12
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.23A.040(2) - Taxes paid in other states

Description

Taxpayers may claim a credit against the petroleum products tax for any similar tax paid upon the same product in other states. To qualify for the credit, such tax (1) must be imposed upon the wholesale value of the petroleum products and not constitute an income or value-added tax and (2) must be a tax specifically directed at petroleum products rather than a general tax. This credit expires July 1, 2020.

Purpose

To ensure tax is applied only once to the same product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No businesses currently use this credit and none are expected to use it in the future, as other western states that are likely to export petroleum products to Washington do not have taxes that are imposed on the wholesale value of petroleum products.

Data Sources

Multiple state tax commissions and state departments of revenue

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1989
Primary Beneficiaries:	Importers of products from jurisdictions with similar taxes on petroleum products
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

Property Tax

Property Tax Exemptions – General Information

Property taxation

Washington taxes all property unless the law specifically exempts the property. County Treasurers collect property taxes for all taxing districts on a calendar year basis. Property taxes include:

- The state property tax (for public schools), and
- Local property taxes (for services and programs provided by counties, cities, fire districts, school districts, library districts, etc.).

Maximum tax rates

The law sets maximum tax rates for the state and local property taxes, but usually the taxing district's budget creates limitations on total property taxes. For this reason, Washington's property tax system is a budget-based property tax system and not a rate-based property tax system.

The County Assessors spreads the property taxes across the taxable property in the district based on the total value of taxable property in the district. This establishes the taxing district's property tax rate. However, taxing districts overlap, so the law also limits the total property tax rate for an area. The Assessor decreases rates in a specific order based on the total rate for a given area.

Tax shifts

Exempting property from taxes results in a ***tax shift*** because the total property value decreases by the value of the exempted property causing the property tax rate to increase when the Assessor spreads the taxes across the taxable property in a district. While the exempt taxpayer now pays no property taxes, the taxes *shift* to other taxpayers who pay more taxes due to the increase in the rate. However, when the rate increases it can hit the maximum rate for the district or the total property tax rate for the area. This results in a ***tax loss*** to the taxing districts because the rate cannot increase beyond any of the rate limitations.

When the Legislature repeals a property tax exemption, the total property value increases causing the property tax rate to decrease. This *shifts* taxes back to the exempt property owner causing other taxpayers to pay less. If the rate limitations limited the rate, repealing the property tax exemption may increase taxing district revenues.

Continued

Property Tax Exemptions – General Information

Assumptions

The property tax exemptions analyzed in this report use the following assumptions unless otherwise noted:

- The Economic and Revenue Forecast Council forecasts state property taxes to remain below the maximum tax rate. So a repeal of a property tax exemption shifts state property taxes to exempt property owners and results in no potential revenue gains.

- Analyses of local property taxes show that with a repeal of a property tax exemption, 80 percent of local taxes would shift to exempt property owners and 20 percent of local taxes would increase revenue for local taxing districts.

- The total value exempted grows at the same rate as statewide market value that the Economic and Revenue Forecast Council forecasted in the February 2015 forecast.

- Based on five years of state property tax collections, 52.24 percent of state property tax collections occur in April and 47.76 percent occur in October. When converting from calendar year to fiscal year, estimates assume taxpayer savings and potential revenue gains follow this trend.

- For local potential revenue gains, the Legislature repeals the property tax exemption beginning with property taxes due in Calendar Year 2017, so the estimated local potential revenue gains for Fiscal Year 2017 include only the increase in April 2017 collections.

82.48.110 - General aviation

Description

Provides a property tax exemption for general aviation aircraft when aircraft excise tax is paid.

Purpose

To eliminate double taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.064	$1.087	$1.115	$1.144
Local Taxes	$4.797	$5.038	$5.237	$5.445

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.280	$0.550	$0.570

Repealing this exemption results in a state levy shift of an estimated $1.1 million and a local levy shift of an estimated $4.7 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $491.8 million.

Data Sources

- Department of Transportation aircraft registration data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1949
Primary Beneficiaries:	Owners of general aviation aircraft registered with the Department of Transportation
Taxpayer Count:	6,800
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

84 - New construction of industrial/manufacturing facilities in targeted urban areas

Description

The new construction value of qualifying industrial or manufacturing facilities is exempt from certain levies. This exempiton does not apply to the state property tax levy. It only applies to county property taxes with the approval of the governing body of that county. The exemption is valid for ten years and no new application may be made after December 31, 2022.

Qualifying industrial manufacturing facilities must be located in counties with a population between 700,000 and 800,000. Within a qualified county, the facilities must be located in cities with a population of 18,000 or larger, and are north or east of the largest city in the county. The qualifed facilities must also be located within or contiguous to an innovation partnership zone, foreign trade zone, or EB-5 regional center.

Purpose

To promote new manufacturing and industrial uses on undeveloped or underutilized lands zoned for industrial and manufacturing uses in targeted urban area.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.114	$0.130	$0.148

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.040	$0.045	$0.051

Repealing this exemption results in no state levy shift and a local levy shift of an estimated $0.085 million in Fiscal Year 2018.

Assumptions

- Qualifying new construction is exempt for a ten year period.
- Snohomish County is the only county impacted by this property tax exemption.
- The total estimated exempt value is $12.34 million.

Continued

84 - New construction of industrial/manufacturing facilities in targeted urban areas

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- County property tax rolls

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Owners of certain manufacturing or industrial properties in Snohomish County
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not in review schedule

84.14.020 - Multi-unit urban housing

Description

Real property associated with the construction, conversion or rehabilitation of qualified, multi-unit residential structures located in a targeted residential areas contained within an urban growth centers are exempt from property tax for up to twelve years.

Cities with a population of 5,000 or more are eligible to establish the target areas; smaller cities may participate if they are the largest city or town located in a county that is required to plan under the Growth Management Act.

Purpose

Encourages the development of affordable privately-owned residential units in urban areas.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.423	$7.583	$7.781	$7.984
Local Taxes	$33.471	$35.154	$36.548	$38.001

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.970	$3.830	$3.960

Repealing this exemption results in a state levy shift of an estimated $7.8 million and a local levy shift of an estimated $32.7 million in Fiscal Year 2018.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to total assessed value for reporting counties.
- The total estimated exempt value is $3.43 billion.

Data Sources

- Economic and Revenue Forecast Council’s February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors

Continued

84.14.020 - Multi-unit urban housing

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	The owners of qualifying multi-unit residential structures
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.26.070 - Historic property rehabilitation

Description

Eligible historic property receives a special valuation upon approval of the owner's application. The taxable value may have rehabilitation costs that exceed twenty-five percent of its assessed value excluded for ten years.

Purpose

Encourages the renovation of historic buildings while preserving their architectural and cultural value.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.521	$0.532	$0.546	$0.560
Local Taxes	$2.348	$2.466	$2.565	$2.667

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.140	$0.270	$0.280

Repealing this exemption results in a state levy shift of an estimated $0.6 million and a local levy shift of an estimated $2.3 million in Fiscal Year 2018.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to total assessed value for reporting counties.
- The total estimated exempt value is $240.85 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors

Continued

84.26.070 - Historic property rehabilitation

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1985
Primary Beneficiaries:	Owners of historic property who rehabilitate the structure
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.33.040 - Timber

Description

Timber is exempt from property tax.

Purpose

Simplifying the taxation of timber.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.645	$0.682	$0.761	$0.784
Local Taxes	$2.905	$3.165	$3.573	$3.731

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.190	$0.370	$0.390

Repealing this exemption results in a state levy shift of an estimated $760,000 and a local levy shift of an estimated $3.2 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $315.2 million.

Data Sources

- Timber excise tax data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1971
Primary Beneficiaries:	Owners of timber and those with contracts to harvest timber
Taxpayer Count:	2,200
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.33.140 - Forest land, statutory values

Description

This law provides a statutory formula to calculate the taxable value for forest lands designated under chapter 84.33 RCW, as bare timber land without considering the highest and best use of the land or the standing timber.

Purpose

Encourages the retention of private land in timber production and to provide uniformity in the valuation of forest land designated under chapter 84.33 RCW.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$34.854	$35.603	$36.532	$37.488
Local Taxes	$157.156	$165.056	$171.602	$178.421

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may also decrease the local property tax rate which could reduce the tax burden for other taxpayers. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$9.240	$18.000	$18.610

Repealing this exemption results in a state levy shift of an estimated $36.5 million and a local levy shift of an estimated $153.6 million in Fiscal Year 2018.

Assumptions

- The average current use value of designated forest land is about $100 per acre, and the average market value (highest and best use) of designated forest land is approximately $2,800 per acre.
- The total estimated exempt value is $16.1 billion.

Data Sources

- County Assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1971
Primary Beneficiaries:	Owners of approximately six million acres of designated forest land
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.33.140(13,14) - Compensating tax on removal of forest land

Description

When removing forest land from the designated forest land program, landowners paid a compensating tax to reimburse the counties for past tax losses due to the lower land valuations associated with this program. This statute waives the compensating tax for removing forest land in the following situations:

- Transferring the land to a government entity in exchange for other forest land in Washington,
- Taking the land through eminent domain or threat of eminent domain,
- Donating the title, development rights, or right to harvest to a government agency or organization qualified under RCW 84.34.210 and 64.04.130,
- Selling or transferring the land to a government entity or nonprofit nature conservancy for conservation purposes, such as state natural area preserve purposes,
- Transferring the land to the parks and recreation commission,
- Official action by a Washington state agency or the county or city in which the land is located that disallows the present use of the land,
- Creating or transferring a forestry riparian easement,
- Creating or transferring a conservation easement of private forest lands within a migration zone or containing critical habitat for threatened or endangered species,
- Transferring the land within two years of the death of the owner of at least 50% interest in the land and if the land was classified continuously since 1993, or
- Discovering that the land designation is in error through no fault of the owner.

This statute also waives the compensating tax for removing forest land in a county with a population of more than 600,000 or in a county with a population of at least 245,000 that borders Puget Sound if the land transfers to a government entity or nonprofit historic preservation or nature conservancy organization. The organization must use the land to protect or enhance public resources, or preserve, maintain, improve, restore, limit the future use of, or otherwise conserve for public use or enjoyment.

Purpose

Encourages land transfers for conservation purposes and avoids penalizing owners for events that occur outside of their control.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.227	$0.243	$0.262	$0.277
Local Taxes	$0.764	$0.815	$0.880	$0.932

Repeal of exemption

Repealing this exemption would increase revenues.

84.33.140(13,14) - Compensating tax on removal of forest land

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.243	$0.262	$0.277
Local Taxes	$0.000	$0.815	$0.880	$0.932

Repealing this exemption does not result in a state or local levy shift. The compensating tax does not influence local or state levy calculations.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to the value of designated forest land in reporting counties.
- The total estimated exempt value is $8.58 million.

Data Sources

- Survey to County Assessors
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1971
Primary Beneficiaries:	Owners of property that has been removed from the designated forest land classification
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.33.210(1) - Forest land special assessments

Description

Special benefit assessments do not apply to designated forest lands. This exemption applies to assessments by local improvement districts that may include forest land, as well as special benefit assessments for projects such as sewer systems, domestic water supply and road improvements. Neither local jurisdictions nor improvement districts are obligated to provide these services to the exempt forest land. However, the land owner may waive the exemption, pay the assessment, and receive the services.

Purpose

To exclude designated forest land from special benefit assessments. To reduce the obligation of local jurisdictions and improvement districts to provide services to exempt forest land.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.080	$0.082	$0.085	$0.087

Repeal of exemption

Repealing this exemption would increase local revenues. Improvement districts levy only at the local level so there is no revenue change to the state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.082	$0.085	$0.087

Repealing this exemption will not result in a state or local levy shift.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the taxpayer savings of exempt property is equal to the ratio of taxpayer savings to acres of designated forest land for reporting counties.
- Special benefit assessments are not neccasarily based on the value of a property, so the value of exempted property is not relevant.

Data Sources

- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors

Continued

84.33.210(1) - Forest land special assessments

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1992
Primary Beneficiaries:	Certain owners of designated forest land
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.34.020(2)(h) - Qualifying land used for growing plants in containers

Description

In 2014, the definition of "farm and agricultural land" expanded to include qualifying land used for growing plants in containers.

Purpose

Supports plant nurseries that are increasingly growing plants in containers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Since qualifying land used for growing plants in containers is defined as farm and agricultural land, this land is assessed at its current use value.
- This impact is part of a more comprehensive estimate of 84.34.065, the impact of assigning current use value to farm and agricultural land.

Data Sources

None

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1973
Primary Beneficiaries:	Owners of qualifying nurseries that grow plants primarily in containers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Unable to find on JLARC review schedule

84.34.060 - Open space land and timber land, current use

Description

Open space land and timber land are valued at lower than the highest and best use of the land. Open space land in the current use program is valued using either a public benefit rating system or the value can be no lower than the lowest per acre value of farm and agricultural land in the county. Timber land in the current use program is valued in the same way as designated forest land, using land grades and operability classes.

Purpose

Encourages the owners of open space and timber lands to keep the property in its natural state by valuing the land at less than the highest and best use value.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.801	$3.883	$3.984	$4.088
Local Taxes	$17.139	$18.001	$18.715	$19.458

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate which could reduce the tax burden of other taxpayers. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.010	$1.960	$2.030

Repealing this exemption results in a state levy shift of an estimated $4.0 million and a local levy shift of an estimated $ 16.8 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.76 billion.

Data Sources

- County Assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Continued

84.34.060 - Open space land and timber land, current use

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1970
Primary Beneficiaries:	Owners of 1.3 million acres of open space and timberlands
Taxpayer Count:	Unknown
Program Inconsistency:	Land preservation could be considered inconsistent with economic development and urban renewal programs
JLARC Review:	Excluded from JLARC review

84.34.065 - Farm lands, current use

Description

Productive capacity determines the taxable value of farm and agricultural land. Productive capacity is defined as the net cash rental capitalized at a rate of interest charged on a farm mortgage plus a component for property taxes. Market value based on highest and best use determines the taxable value of most other property in Washington. So farm and agricultural land has a reduced taxable value.

The current use value of the land where the farmer and employees reside is the prior year's average value of open space farm and agricultural land used in the county plus the value of land improvements that serve the residence.

Purpose

Encourages owners of farm and agricultural land to continue using the land for agricultural purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$22.527	$23.010	$23.611	$24.228
Local Taxes	$101.571	$106.676	$110.907	$115.314

Repeal of exemption

Repealing a property tax value reduction would not increase state revenues. The repeal shifts the state property tax to those with the value reduction and lowers the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$5.970	$11.640	$12.030

Repealing this exemption results in a state levy shift of an estimated $23.6 million and a local levy shift of an estimated $ 99.3 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $10.41 billion.

Data Sources

- County Assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Continued

84.34.065 - Farm lands, current use

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1973
Primary Beneficiaries:	Owners of 9.8 million acres of farm and agricultural lands
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.34.108(6) - Additional tax, interest, and penalty on removal of classified land, current use

Description

Landowners pay additional tax, interest, and penalty when removing land from the current use program to reimburse the county for taxes lost due to the reduced land value associated with the program. This statute waives the additional tax, interest, and penalty for removing land from the current use program in the following situations:

- Transferring the land to a government entity in exchange for other land in Washington,
- Taking the land through eminent domain or threat of eminent domain,
- Natural disaster changing the use of the property,
- Official action by a Washington state agency or the county or city in which the land is located that disallows the present use of the land,
- Transferring the land to a church that would qualify for certain exemptions,
- Transferring the land to a government agency or organization in order to conserve the land for future use,
- Removing land classified as farm and agricultural land that houses farm employees or the principal residence of the farmer,
- Removing land if it qualifies for a newly enacted exemption,
- Creating or transferring a forestry riparian easement,
- Creating or transferring a conservation easement of private forest lands within a migration zone or containing critical habitat for threatened or endangered species,
- Transferring the land within two years of the death of the owner of at least 50% interest in the land and if the land was classified continuously since 1993, or
- Discovering that the land classification is in error through no fault of the owner.

Purpose

Avoids penalizing land owners for a change in use for circumstances beyond their control or under specific situations in which the land is transferred.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.491	$0.524	$0.566	$0.599
Local Taxes	$2.748	$2.933	$3.166	$3.352

Repeal of exemption

Repealing this exemption would increase revenues.

Continued

84.34.108(6) - Additional tax, interest, and penalty on removal of classified land, current use

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.524	$0.566	$0.599
Local Taxes	$0.000	$2.933	$3.166	$3.352

Repealing this exemption does not result in a state or local levy shift. The compensating tax does not influence local or state levy calculations.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to the current use value of open space property of reporting counties.
- The total estimated exempt value is $29.96 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1973
Primary Beneficiaries:	Owners of open space lands that are sold in these situations
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

84.36.010(1) - Cities and towns

Description

Real and personal property owned by municipalities is exempt from property taxation.

Purpose

Property of municipal corporations is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$149.609	$152.821	$156.810	$160.912
Local Taxes	$0.000	$708.488	$736.587	$765.853

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$39.680	$77.280	$79.870

Repealing this exemption results in a state levy shift of an estimated $156.8 million and a local levy shift of an estimated $659.3 million in Fiscal Year 2018.

Continued

Assumptions

- The value of city/town government facilities per city/town general employee is the same as the State of Washington facility value per State of Washington general employee.
- The value of city/town roads per mile is equal to the value of state owned roads per mile.
- Of county and municipal timber and forest land, 5% is owned by cities and towns.
- The total estimated exempt value is $69.17 billion.

Data Sources

- U.S. Forest Service
- Washington State Employment Security Department
- Washington State Department of Transportation
- Washington State Auditor, Local Government Financial Reporting System
- Office of Financial Management, Comprehensive Annual Financial Report
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1889
Primary Beneficiaries:	Cities and towns in Washington
Taxpayer Count:	281
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - County government

Description

Real and personal property owned by county government is exempt from property taxation.

Purpose

Property of a county government is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

"Franklin County Courthouse in Pasco, Washington" by Allen4names - Own work. Licensed under CC BY-SA 3.0 via Wikimedia Commons - https://commons.wikimedia.org/wiki/File:Franklin_County_Courthouse_in_Pasco,_Washington.JPG#/media/File:Franklin_County_Courthouse_in_Pasco,_Washington.JPG

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$152.170	$155.436	$159.494	$163.667
Local Taxes	$686.122	$720.615	$749.194	$778.962

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$40.360	$78.600	$81.230

Repealing this exemption results in a state levy shift of an estimated $159.5 million and a local levy shift of an estimated $670.6 million in Fiscal Year 2018.

Continued

84.36.010(1) - County government

Assumptions

- The value of county government facilities per county general employee is the same as the State of Washington facility value per State of Washington general employee.
- Dirt roads make up a large share of county road miles, so the value of county roads per mile is half the value of state owned roads per mile.
- Of county and municipal timber and forest land, 95% is owned by the county.
- The total estimated exempt value is $70.35 billion.

Data Sources

- U.S. Forest Service
- Washington State Employment Security Department
- Washington State Department of Transportation
- Washington State Auditor, Local Government Financial Reporting System
- Office of Financial Management, Comprehensive Annual Financial Report
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1889
Primary Beneficiaries:	Counties
Taxpayer Count:	39
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Federal government

Description

Real and personal property owned by the federal government is exempt from property taxation.

Purpose

Property of the federal government is exempt under the Washington Constitution, except to the extent that Congress specifically allows such taxation, which it has rarely done. The federal government does make certain payments in lieu of property taxes, e.g., for federal forest lands.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$88.998	$90.908	$93.281	$95.722
Local Taxes	$401.285	$421.457	$438.172	$455.583

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$23.600	$45.970	$47.510

Repealing this exemption results in a state levy shift of an estimated $88.0 million and a local levy shift of an estimated $369.9 million in Fiscal Year 2018.

Assumptions

- The value of federal government facilities per federal general employee is the same as the state of Washington facility value per state of Washington general employee.
- The total estimated exempt value is $38.81 billion.

Data Sources

- United States Forest Service
- Washington State Employment Security Department
- Washington State Department of Transportation
- Office of Financial Management, Comprehensive Annual Financial Report
- United States Department of Defense
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Continued

84.36.010(1) - Federal government

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1854
Primary Beneficiaries:	The United States government and its agencies and instrumentalities
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Fire districts

Description

Real and personal property owned by fire districts is exempt from property taxation.

Purpose

Property of municipal corporations, such as fire districts, is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.300	$2.350	$2.411	$2.474
Local Taxes	$10.371	$10.892	$11.325	$11.775

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.610	$1.190	$1.230

Repealing this exemption results in a state levy shift of an estimated $3.2 million and a local levy shift of an estimated $13.4 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.41 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Fire district valuation data
- County property tax rolls
- County levy data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1933
Primary Beneficiaries:	Fire protection districts
Taxpayer Count:	370
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Foreign consulates

Description

Property owned by a foreign national government or an international commission is exempt from property taxation. To qualify, the property must serve exclusively as an office or residence for a consul or official representative of that nation and the consul or representative must be a citizen of that nation.

Purpose

Follows the principle of reciprocity, whereby a foreign nation will not tax the property of a U.S. consulate if it is used and maintained by U.S. nationals.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.017	$0.017	$0.017	$0.018
Local Taxes	$0.075	$0.079	$0.082	$0.086

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.004	$0.010	$0.010

Repealing this exemption results in a state levy shift of an estimated $0.02 million and a local levy shift of an estimated $0.07 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $7.68 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1967
Primary Beneficiaries:	Four parcels owned by foreign govenments
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Port districts

Description

Real and personal property owned by port districts is exempt from property taxation.

Purpose

Property of a municipal corporation, such as a port district, is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$20.919	$21.368	$21.925	$22.499
Local Taxes	$94.319	$99.061	$102.990	$107.082

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$5.550	$10.810	$11.170

Repealing this exemption results in a state levy shift of an estimated $21.9 million and a local levy shift of an estimated $92.2 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $9.67 billion.

Data Sources

- Washington Public Ports Association
- Port of Seattle, Comprehensive Annual Report
- Port of Tacoma, Annual Report
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1911
Primary Beneficiaries:	Public port districts
Taxpayer Count:	75
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Public colleges & universities

Description

Real and personal property owned by public colleges and universities is exempt from property taxation. In addition, property leased to an institution of higher education by a nonprofit foundation established for the exclusive support of the institution is exempt.

Purpose

Property of the state government is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$37.438	$38.242	$39.240	$40.267
Local Taxes	$168.807	$177.293	$184.324	$191.648

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$9.930	$19.340	$19.990

Repealing this exemption results in a state levy shift of an estimated $39.2 million and a local levy shift of an estimated $165.0 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $17.31 billion.

Data Sources

- National Center For Education Statistics - Integrated Postsecondary Education Data System
- Economic and Revenue Forecast Council’s February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1889
Primary Beneficiaries:	Public colleges and universities
Taxpayer Count:	44
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Public K-12 schools

Description

Real and personal property owned by school districts is exempt from property taxation.

Purpose

Property of school districts is exempt under the Washington Constitution. This reflects a longstanding legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$119.517	$122.083	$125.270	$128.547
Local Taxes	$538.894	$565.985	$588.432	$611.811

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$31.700	$61.740	$63.800

Repealing this exemption results in a state levy shift of an estimated $125.3 million and a local levy shift of an estimated $526.7 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $55.26 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Washington State Office of Superintendent of Public Instruction

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1889
Primary Beneficiaries:	Approximately 2,100 campuses of the 295 public school districts
Taxpayer Count:	295
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - Public utility districts

Description

Real and personal property owned by public utility districts is exempt from property taxation. However, public utility districts must pay a privilege tax in lieu of property tax based on the electricity they generate and distribute or based on the water and/or sewer services they provide.

Purpose

Property of municipal corporations is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$64.411	$65.794	$67.511	$69.277
Local Taxes	$290.425	$305.024	$317.121	$329.721

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$17.080	$33.270	$34.380

Repealing this exemption results in a state levy shift of an estimated $67.5 million and a local levy shift of an estimated $283.9 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $29.78 billion.

Data Sources

- Washington Public Utility Districts Association, 2014 Sourcebook
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1931
Primary Beneficiaries:	Nonprofit utilities that provide electricity, water,wastewater services, and wholesale telecommunications
Taxpayer Count:	27
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1) - State government

Description

Real and personal property owned by the state is exempt from property taxation.

Purpose

Property of the state government is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$84.841	$86.662	$88.924	$91.251
Local Taxes	$382.541	$401.772	$417.706	$434.303

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$22.500	$43.820	$45.290

Repealing this exemption results in a state levy shift of an estimated $88.9 million and a local levy shift of an estimated $373.9 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $39.23 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- 2014 Comprehensive Annual Financial Report

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1889
Primary Beneficiaries:	The state of Washington
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(1a) - Tribal property - Essential government services

Description

Property belonging to any federally recognized Indian tribe is exempt from property tax if the property is used exclusively for essential government services including economic development services.

Purpose

This statute is directed toward tribal owned property which is located off the tribe's reservation. The purpose is to treat all tribes alike and to treat all property used for government services in the same manner. The governmental facilities of most tribes are sited on tribal lands which are exempt from property tax, just as the land owned by local governments is exempt. However, at least one tribe has little land held in trust and must therefore purchase non-tribal land for governmental facilities. Also, as "economic development" is recognized as an essential government service for purposes of qualifying tribally owned property for property tax exempt status and it is defined as including commercial activities, tribes that operate facilities located off the reservation must negotiate and make a payment in lieu of leasehold excise tax (PILT) and other operators of these properties are subject to leasehold excise tax (LET).

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.430	$0.440	$0.451	$0.463
Local Taxes	$1.940	$2.038	$2.118	$2.203

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.110	$0.220	$0.230

Repealing this exemption results in a state levy shift of an estimated $0.5 million and a local levy shift of an estimated $1.9 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $198.96 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

84.36.010(1a) - Tribal property - Essential government services

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2004
Primary Beneficiaries:	1,782 parcels owned by Indian tribes whose governmental services utilize facilities on non-tribal land
Taxpayer Count:	24
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

84.36.010(1) - Community centers, nonprofits

Description

Property tax does not apply, for forty years, to surplus property and buildings of a school district acquired by a nonprofit organization that uses the property as a community center.

Purpose

Supports the social benefits these nonprofit organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.086	$0.088	$0.090	$0.092
Local Taxes	$0.388	$0.407	$0.423	$0.440

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.020	$0.040	$0.050

Repealing this exemption results in a state levy shift of an estimated $90,000 and a local levy shift of an estimated $380,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $39.75 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2010
Primary Beneficiaries:	8 parcels owned by nonprofit community centers
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2020

84.36.010(1) - 2nd Narrows bridge

Description

A property tax exemption is provided for state route 16 corridor transportation systems and facilities constructed pursuant to Chapter 47.46 RCW.

Purpose

This exemption is intended to exempt any private property used in conjunction with construction and operation of the 2nd Narrows bridge in Pierce County which will span Puget Sound. When adopted, the exemption was predicated upon the assumption that the bridge would be built with private funding until construction was complete and subsequently deeded to the state. This exemption was therefore intended to lower the overall cost of the project to enhance the likelihood of private investors funding the cost of construction.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this property tax exemption would not increase revenues. There is no private property in use on the 2nd Narrows Bridge Project at this time.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

None

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	Not applicable
JLARC Review:	JLARC completed an expedited review in 2014

84.36.010(1); 84.36.040(2) - Hospital districts

Description

Real and personal property owned by public hospital districts is exempt from property taxation. Additionally, property leased to and used by a hospital district or to Harborview Medical Center for hospital purposes, is eligible for the exemption so long as the benefit of the exemption transfers to the hospital.

Purpose

Property of municipal corporations is exempt under the Washington Constitution. This reflects a long-standing legislative policy not to tax publicly owned property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.761	$3.842	$3.942	$4.046
Local Taxes	$16.960	$17.813	$18.519	$19.255

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.000	$1.940	$2.010

Repealing this exemption results in a state levy shift of an estimated $3.9 million and a local levy shift of an estimated $16.6 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.74 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Washington Department of Health, Hospital Financial Data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1945
Primary Beneficiaries:	Hospitals operated by public hospital districts or hospitals owned by a county
Taxpayer Count:	43
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.010(2) - Tribal property - Economic development

Description

Federally recognized Indian tribes in Washington receive a property tax exemption for property owned by the tribe prior to March 1, 2014 and used for economic development purposes. This exemption expires January 1, 2022.

Purpose

Creates jobs and improves the economic health of tribal communities. Tribal property used for economic development can be on or off the reservation. This also grants tribes a similar exemption as received by state and local governments for property owned by either the state or a local government.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.235	$0.240	$0.246	$0.252
Local Taxes	$0.869	$0.918	$0.957	$0.998

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	($0.132)	($0.078)	($0.073)

Repealing this exemption results in a state levy shift of an estimated $0.3 million and a local levy shift of an estimated $1.0 million in Fiscal Year 2018.

Continued

84.36.010(2) - Tribal property - Economic development

Assumptions

- The validity of the exemption under RCW 84.36.010(2) is pending the outcome of a court case challenging the constitutionality of the payment in lieu of leasehold excise tax that may be required on certain such exempt properties.
- Two tribes are currently participating in this exemption program. Other tribes may decide to apply for this exemption if the law remains valid. If it is found to be invalid, then property tax will need to be paid on previously exempt property for the period of time the property was exempt under RCW 84.36.010(2).
- Property exempt under this statute and located outside of a reservation must make payments in lieu of taxes (PILT). Based on a known negotiated PILT payment, PILT payments are 25 percent of the property tax that would otherwise be due.
- Since PILT payments are distributed to local tax districts only, and estimated PILT payments are larger than property tax revenue gains achieved from repeal of this exemption, local jurisdictions would lose revenue if this exemption is repealed.
- The total estimated exempt value is $108.45 million.

Data Sources

- Department of Revenue exempt property tax system
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2014
Primary Beneficiaries:	49 parcels owned by federally recognized Indian tribes and are used for economic development purposes
Taxpayer Count:	2
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2020

84.36.015 - Parcels valued at < $500

Description

Each parcel of real property and each personal property account that individually has an assessed value of less than $500 is exempt from property tax.

Purpose

Avoids the administrative expense of listing, valuing and collecting property tax on very small accounts.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.079	$0.075	$0.074	$0.075
Local Taxes	$0.353	$0.348	$0.348	$0.355

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.020	$0.040	$0.040

Repealing this exemption results in a state levy shift of an estimated $0.07 million and a local levy shift of an estimated $0.3 million in Fiscal Year 2018.

Assumptions

- The assessed value of exempt property will grow at the average historical growth rate of personal property, which is 3.9 percent.
- The total estimated exempt value is $37.88 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1997
Primary Beneficiaries:	Small property owners
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.36.020 - Cemeteries

Description

Land, buildings and personal property required for the administration and maintenance of public burying grounds or cemeteries are exempt from property tax. The exemption requires that such entities do not discriminate on the basis of race, color, national origin or ancestry.

Purpose

Supports the social benefits provided by burying grounds and cemeteries.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.105	$1.129	$1.159	$1.189
Local Taxes	$4.985	$5.235	$5.443	$5.659

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.290	$0.570	$0.590

Repealing this exemption results in a state levy shift of an estimated $1.2 million and a local levy shift of an estimated $ 4.9 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $511.1 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1854
Primary Beneficiaries:	465 parcels owned by cemeteries
Taxpayer Count:	163
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2007

84.36.020 - Nonprofit churches, parsonages, and convents

Description

Property tax does not apply to churches and grounds not exceeding five acres, or parsonages and convents of nonprofit recognized religious denominations. The tax also does not apply to lands, buildings, and personal property used for a public burying ground or cemetery that does not discriminate based on race, color, national origin, or ancestry. This includes lands, buildings, and personal property required for administration and maintenance.

Purpose

Recognizing the social benefits of religious organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.465	$15.797	$16.209	$16.633
Local Taxes	$69.729	$73.235	$76.139	$79.165

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$4.100	$7.990	$8.260

Repealing this exemption results in a state levy shift of an estimated $16.2 million and a local levy shift of an estimated $ 68.2 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $10.41 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1854
Primary Beneficiaries:	9655 parcels owned by churches
Taxpayer Count:	3,791
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.030(1)(a) - Nonsectarian organizations

Description

Property used for character-building, benevolent, protective, or rehabilitative social services owned by nonreligious, nonprofit organizations is exempt from property tax.

Purpose

Supporting the social programs provided by these nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.976	$5.083	$5.216	$5.352
Local Taxes	$22.439	$23.567	$24.501	$25.475

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.320	$2.570	$2.660

Repealing this exemption results in a state levy shift of an estimated $5.2 million and a local levy shift of an estimated $21.9 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $2.3 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1915
Primary Beneficiaries:	1,709 parcels owned by nonprofit nonsectarian organizations
Taxpayer Count:	509
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.030(1)(b) - Nonprofit merchandise sales

Description

Selling donated merchandise on exempt property does not nullify the property tax exemption for character-building, benevolent, protective, or rehabilitative social services owned by nonreligious, nonprofit organizations if they use the proceeds to continue the mission of their organization.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.117	$0.120	$0.123	$0.126
Local Taxes	$0.528	$0.554	$0.576	$0.599

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.030	$0.060	$0.060

Repealing this exemption results in a state levy shift of an estimated $120,000 and a local levy shift of an estimated $ 520,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $54.1 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1983
Primary Beneficiaries:	58 parcels owned by nonprofit thrift shops
Taxpayer Count:	35
Program Inconsistency:	None Evident
JLARC Review:	Unable to find on JLARC review schedule

84.36.030(2) - Nonprofit church camps

Description

Camp facilities up to 200 acres, and owned by nonprofit churches, groups of churches, or an association of churches are exempt from property tax.

Purpose

Supports the programs provided by church-owned camps.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.565	$0.577	$0.592	$0.607
Local Taxes	$2.546	$2.674	$2.779	$2.890

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.150	$0.290	$0.300

Repealing this exemption results in a state levy shift of an estimated $590,000 and a local levy shift of an estimated $ 2.49 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $126.0 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1971
Primary Beneficiaries:	525 parcels owned by church camps
Taxpayer Count:	93
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2011

84.36.030(3) - Nonprofit youth organizations

Description

Property owned by nonprofit, character-building organizations serving boys and girls under the age of 18 is exempt from property tax. The exemption extends to organizations with existing charters that serve youth up to the age of 21.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.497	$0.508	$0.521	$0.535
Local Taxes	$2.243	$2.356	$2.450	$2.547

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.130	$0.260	$0.270

Repealing this exemption results in a state levy shift of an estimated $520,000 and a local levy shift of an estimated $2.2 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $230.0 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1933
Primary Beneficiaries:	184 parcels owned by nonprofit youth organizations
Taxpayer Count:	46
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.030(4) - Veterans organizations

Description

Property owned by veterans organizations or societies that are recognized as such by the Department of Defense and have national chapters can qualify for a property tax exemption.

Purpose

Supports patriotism and the activities of veterans organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.155	$0.158	$0.162	$0.167
Local Taxes	$0.698	$0.733	$0.762	$0.793

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.040	$0.080	$0.080

Repealing this exemption results in a state levy shift of an estimated $160,000 and a local levy shift of an estimated $680,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $71.6 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1929
Primary Beneficiaries:	223 parcels owned by veteran's organizations.
Taxpayer Count:	136
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2007

84.36.030(5) - Federal instrumentalities furnishing aid and relief

Description

A property tax exemption exists for corporations created by Congress that provide:

- volunteer aid to the armed forces, and
- a system of national and international disaster relief.

Purpose

Supports the social benefits provided by federal instrumentalities furnishing aid and relief.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would not increase revenues. Constitutional case law makes federal instrumentalities immune from state and local taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	D	D	D	D

Assumptions

This exemption applies to less than three taxpayers.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1945
Primary Beneficiaries:	Federal instrumentalities furnishing aid and relief
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.030(6) - Student loan organizations

Description

Property owned by nonprofit organizations, exempt from federal income tax, that guarantee federal student loans or issue debt to provide student loans is exempt from property tax.

Purpose

Supporting the benefits these organizations provide to college students.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in no levy shifts.

Assumptions

- The total estimated exempt value is 0.
- There are currently no organizations claiming this exemption.
- No organizations will take this exemption during the next four years.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1987
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed an expedited review in 2012

84.36.031(2) - Nonprofit Youth Character Building Leases

Description

Property tax does not apply to property owned by churches and nonprofit character-building organizations that lease out or rent the property to another nonprofit, character-building organization.

Property tax also doesn't apply to property owned by an organization formed exclusively to lease the property to a nonprofit, character-building organization. The property has to have been exempt from property tax under the previous owner and the organization leasing the land gets the benefit of the exemption.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.018	$0.019	$0.020	$0.021

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.001	$0.002	$0.002

Repealing this exemption results in no state levy shift and a local levy shift of an estimated $20,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.8 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

84.36.031(2) - Nonprofit Youth Character Building Leases

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2012
Primary Beneficiaries:	2 parcels leased by community service organizations
Taxpayer Count:	2
Program Inconsistency:	None Evident
JLARC Review:	JLARC has scheduled to review in 2022

84.36.032 - Church administrative offices

Description

Property tax does not apply to real and personal property of administrative offices of nonprofit recognized religious organizations. The offices must be used in the administration of the religious programs of the organization to qualify for the property tax exemption.

Purpose

Supports the social benefits that religious organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.219	$0.224	$0.230	$0.236
Local Taxes	$0.989	$1.039	$1.080	$1.123

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.060	$0.110	$0.120

Repealing this exemption results in a state levy shift of an estimated $230,000 and a local levy shift of an estimated $970,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $101.4 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1975
Primary Beneficiaries:	59 parcels owned by religious organizations
Taxpayer Count:	17
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed an expedited review in 2011

84.36.035 - Nonprofit blood and tissue banks

Description

Real and personal property owned or leased by nonprofit organizations and used for blood banks, tissue banks, or blood and tissue banks is exempt from property tax.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.245	$0.251	$0.257	$0.264
Local Taxes	$1.107	$1.163	$1.209	$1.256

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.070	$0.130	$0.130

Repealing this exemption results in a state levy shift of an estimated $260,000 and a local levy shift of an estimated $1.1 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $113.4 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1971
Primary Beneficiaries:	34 parcels owned by blood and tissue banks
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

84.36.037 - Nonprofit public assembly halls and meeting places

Description

Property tax does not apply to real and personal property owned by a nonprofit public assembly hall or meeting place. The property must be used exclusively for public gatherings and be available to everyone. The area eligible for this exemption may not exceed one acre. However, if the property is essentially unimproved and used for annual community celebration events for at least 10 years, then the area eligible for exemption may not exceed 29 acres.

A farmers market can use the property for up to 53 days each year. In a county with a population of less than 20,000, organizations providing dance lessons, art classes, or music lessons can use the property when rents for these activities are reasonable and do not exceed the maintenance and operation expense for the area being used.

Using the property for non-exempt purposes is allowed up to 50 days each year and 15 of the 50 days the property may be used for monetary gain. The exemption is not nullified if all income from the rental goes toward capital improvements, maintenance, or the exempt purpose of the nonprofit organization.

This provision expires December 31, 2020.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.230	$0.235	$0.241	$0.247
Local Taxes	$1.035	$1.087	$1.130	$1.176

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.060	$0.120	$0.120

Repealing this exemption results in a state levy shift of an estimated $240,000 and a local levy shift of an estimated $1.0 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $106.2 million.

Continued

84.36.037 - Nonprofit public assembly halls and meeting places

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	304 parcels owned by nonprofit public assembly halls.
Taxpayer Count:	236
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

84.36.040(1a) - Nonprofit day care centers

Description

Nonprofit child day care centers are exempt from property taxes on real and personal property.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.400	$0.409	$0.419	$0.430
Local Taxes	$1.804	$1.895	$1.970	$2.049

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.110	$0.210	$0.210

Repealing this exemption results in a state levy shift of an estimated $420,000 and a local levy shift of an estimated $1.8 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $185.0 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1973
Primary Beneficiaries:	174 parcels owned by nonprofit daycare centers
Taxpayer Count:	62
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

84.36.040(1b) - Nonprofit libraries

Description

Nonprofit free public libraries are exempt from property taxes on real and personal property.

Purpose

Supporting the social benefits that nonprofit public libraries provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.010	$0.010	$0.010	$0.011
Local Taxes	$0.044	$0.046	$0.048	$0.051

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.010	$0.010

Repealing this exemption results in a state levy shift of an estimated $10,000 and a local levy shift of an estimated $40,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $4.5 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1854
Primary Beneficiaries:	19 parcels owned by nonprofit organizations operating libraries
Taxpayer Count:	13
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.040(1c) - Nonprofit orphanages

Description

Nonprofit orphanages are exempt from property taxes on real and personal property.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- All real and personal property currently exempted as an orphanage qualifies for the exemption for character building for children under 18 run by non-profit organizations.
- The two organizations that qualified as orphanages are now incorporated into the exemption for character building for children under 18 in RCW 84.36.030(3).

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1891
Primary Beneficiaries:	Orphanages
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.040(1d) - Nonprofit nursing homes

Description

Nonprofit nursing homes are exempt from property taxes on real and personal property.

Purpose

Supporting the social benefits these organizations provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.172	$1.197	$1.228	$1.261
Local Taxes	$5.285	$5.550	$5.771	$6.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.310	$0.610	$0.630

Repealing this exemption results in a state levy shift of an estimated $1.2 million and a local levy shift of an estimated $5.2 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $541.9 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1891
Primary Beneficiaries:	367 parcels owned by nursing homes
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.040(1e) - Nonprofit hospitals

Description

Nonprofit hospitals are exempt from property taxes on real and personal property.

Purpose

Supporting the social benefits that nonprofit hospitals provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.759	$16.097	$16.517	$16.949
Local Taxes	$71.054	$74.625	$77.585	$80.668

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$4.180	$8.140	$8.410

Repealing this exemption results in a state levy shift of an estimated $16.5 million and a local levy shift of an estimated $ 69.5 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $7.29 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1886
Primary Beneficiaries:	685 parcels owned by nonprofit hospitals
Taxpayer Count:	29
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.040(1f) - Nonprofit outpatient dialysis facilities

Description

Nonprofit outpatient dialysis treatment facilities are exempt from property taxes on real and personal property.

Purpose

Supporting the social benefits that outpatient dialysis facilities provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.862	$0.880	$0.903	$0.927
Local Taxes	$3.886	$4.082	$4.243	$4.412

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.230	$0.450	$0.460

Repealing this exemption results in a state levy shift of an estimated $900,000 and a local levy shift of an estimated $ 3.8 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $398.5 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1987
Primary Beneficiaries:	32 parcels owned by outpatient dialysis centers
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.041 - Nonprofit homes for the aging

Description

Real and personal property owned or leased by a nonprofit home for the aging is exempt if:

- Residents occupy at least 50 percent of the dwellings, or
- The federal department of housing and urban development program subsidizes the home, or
- The home for the aging is financed in part by tax exempt bonds.

Property taxes do not apply if home financing is 75 percent tax exempt bonds and the financing requires a certain percentage of dwellings for low-income residents. The exemption lasts as long as the bonds or the requirement for low-income resident dwellings, whichever is shorter. A partial exemption applies if the home fails to qualify in its entirety. A partial exemption applies for areas jointly used by a home for the aging and a nonprofit organization that is also exempt from property taxes.

Purpose

Providing equal treatment of senior citizens who own their own homes and qualify for the senior citizen property tax exemption and those residing in homes for the aging.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.476	$4.572	$4.691	$4.814
Local Taxes	$20.181	$21.196	$22.037	$22.913

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.190	$2.310	$2.390

Repealing this exemption results in a state levy shift of an estimated $4.7 million and a local levy shift of an estimated $ 19.7 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $2.07 billion

Continued

84.36.041 - Nonprofit homes for the aging

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1989
Primary Beneficiaries:	441 parcels owned by retirement homes
Taxpayer Count:	156
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.042 - Nonprofit developmentally disabled housing

Description

Property tax does not apply to the real and personal property used by a nonprofit organization providing housing and a level of care for persons with developmental disabilities.

Purpose

Supporting the social benefits provided by these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.128	$0.130	$0.134	$0.137
Local Taxes	$0.575	$0.605	$0.629	$0.653

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.030	$0.070	$0.070

Repealing this exemption results in a state levy shift of an estimated $130,000 and a local levy shift of an estimated $ 560,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $59.0 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1998
Primary Beneficiaries:	224 parcels owned by homes for the developmentally disabled
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.36.043 - Nonprofit homeless shelters

Description

Property taxes do not apply to real and personal property used by a nonprofit organization providing emergency or transitional housing for low-income homeless persons or victims of domestic violence who are homeless for personal safety reasons. Any charges for the housing cannot exceed the actual cost to operate and maintain the facility.

Purpose

Supporting the social services provided by these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.527	$0.538	$0.552	$0.567
Local Taxes	$2.375	$2.495	$2.594	$2.697

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.140	$0.270	$0.280

Repealing this exemption results in a state levy shift of an estimated $550,000 and a local levy shift of an estimated $2.3 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $243.6 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1983
Primary Beneficiaries:	465 parcels owned by homeless shelters
Taxpayer Count:	106
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.045 - Nonprofit medical research facilities

Description

Property taxes do not apply to real and personal property owned or used by a nonprofit corporation or association that provides facilities for medical research and training free of charge.

Purpose

Supporting nonprofit medical research and training facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.178	$2.224	$2.282	$2.342
Local Taxes	$9.819	$10.313	$10.722	$11.148

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.580	$1.130	$1.160

Repealing this exemption results in a state levy shift of an estimated $2.3 million and a local levy shift of an estimated $ 9.6 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.0 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1975
Primary Beneficiaries:	32 parcels owned by medical research centers
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.046 - Nonprofit cancer treatment clinics

Description

Property tax does not apply to real and personal property used by nonprofit cancer prevention, detection, or treatment facilities. The property tax exemption also applies to real and personal property used by a municipal hospital corporation for cancer prevention, detection, or treatment.

Purpose

Providing equal taxation treatment for nonprofit cancer treatment clinics as for nonprofit hospitals.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.232	$0.237	$0.243	$0.249
Local Taxes	$1.045	$1.098	$1.141	$1.187

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.060	$0.120	$0.120

Repealing this exemption results in a state levy shift of an estimated $240,000 and a local levy shift of an estimated $1.0 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $107.2 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1997
Primary Beneficiaries:	11 parcels owned by cancer clinics
Taxpayer Count:	2
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.047 - Nonprofit radio and TV broadcast facilities

Description

Property tax does not apply to real and personal property used by nonprofit organizations that rebroadcast or amplify the transmission or reception of free radio or television signals broadcast by foreign or domestic government agencies.

Purpose

Supporting the activities of nonprofit broadcasters.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in no levy shifts.

Assumptions

The total estimated exempt value is 0.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1977
Primary Beneficiaries:	No current beneficiaries
Taxpayer Count:	0
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed an expedited review in 2011

84.36.050(1) - Nonprofit private colleges

Description

Property taxes do not apply to real and personal property used by private, nonprofit colleges and universities for educational or cultural purposes. The exemption applies to buildings and grounds used for educational, athletic, or social programs and housing of students and faculty. The maximum amount of real property exempted is 400 acres.

Purpose

Supporting the college education provided by nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.538	$4.635	$4.756	$4.881
Local Taxes	$20.460	$21.489	$22.341	$23.229

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.200	$2.340	$2.420

Repealing this exemption results in a state levy shift of an estimated $4.8 million and a local levy shift of an estimated $ 20.0 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $2.1 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1925
Primary Beneficiaries:	768 parcels owned by nonprofit colleges
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

84.36.050(1) - Nonprofit private K-12 schools

Description

Property taxes do not apply to real and personal property used by private, nonprofit schools offering education from kindergarten through high school. The exemption applies to buildings and grounds used for educational, athletic, or social programs and housing of students and faculty. The maximum amount of real property exempted is 400 acres.

Purpose

Supporting the K-12 education provided by nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.251	$3.321	$3.408	$3.497
Local Taxes	$14.661	$15.398	$16.008	$16.645

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.860	$1.680	$1.740

Repealing this exemption results in a state levy shift of an estimated $3.4 million and a local levy shift of an estimated $ 14.3 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.5 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1925
Primary Beneficiaries:	595 parcels owned by nonprofit schools
Taxpayer Count:	173
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

84.36.050(2) - Nonprofit educational foundations

Description

Real and personal property owned by a nonprofit foundation that supports an institution of higher education is exempt from property tax. The tax exemption applies only to the property actively used by currently enrolled students.

Purpose

Supporting the educationally support provided by these nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.484	$0.495	$0.508	$0.521
Local Taxes	$2.184	$2.294	$2.385	$2.479

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.130	$0.250	$0.260

Repealing this exemption results in a state levy shift of an estimated $510,000 and a local levy shift of an estimated $ 2.13 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $223.9 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2001
Primary Beneficiaries:	61 parcels owned by institutions of higher learning with an educational foundation
Taxpayer Count:	8
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.060(1a) - Nonprofit art collections & museums

Description

Property tax does not apply to the real or personal property of a nonprofit organization maintaining and exhibiting art, scientific, or historical collections. The collections must be open to the public. The exemption also applies to property used exclusively for safekeeping and maintaining the collections. To receive a property tax exemption the nonprofit organization must:

- Operate exclusively for artistic, scientific, historical, or educational purposes, and
- Receive a substantial part of its support from the federal, state, or local government or public contributions

If the property is not currently exhibiting, safe keeping, or maintaining, the collections, but will in the future, the nonprofit organization must submit proof they are constructing, remodeling, or otherwise enabling the property for exempted use.

Purpose

Supporting nonprofit museums that display art, scientific, or historical materials for the public

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.246	$1.273	$1.306	$1.340
Local Taxes	$5.618	$5.901	$6.135	$6.379

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.330	$0.640	$0.670

Repealing this exemption results in a state levy shift of an estimated $1.3 million and a local levy shift of an estimated $ 5.5 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $576.1 million.

Continued

84.36.060(1a) - Nonprofit art collections & museums

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1915
Primary Beneficiaries:	330 parcels owned by museums
Taxpayer Count:	127
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.060(1b) - Nonprofit performing arts

Description

Property tax does not apply to the real or personal property owned or leased by a nonprofit organization producing and performing musical, dance, artistic, dramatic, or literary works for the general public. To receive a property tax exemption the nonprofit organization must:

- Operate exclusively for artistic, literary, musical, dance, dramatic, or educational purposes, and
- Receive a substantial part of its support from the federal, state, or local government or public contributions.

If the organization is not currently producing or performing on the property, but will be again soon, the nonprofit must submit proof they are constructing, remodeling, or otherwise enabling the property for exempted use.

Purpose

Supporting nonprofit artistic, literary, musical, dance or dramatic organizations and recognizing the education and artistic contributions they make to society.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.567	$0.579	$0.594	$0.610
Local Taxes	$2.556	$2.684	$2.791	$2.902

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.150	$0.290	$0.300

Repealing this exemption results in a state levy shift of an estimated $590,000 and a local levy shift of an estimated $2.5 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $262.1 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

84.36.060(1b) - Nonprofit performing arts

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	83 parcels owned by performing arts organizations.
Taxpayer Count:	54
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.060(1c) - Fire companies

Description

Fire engines, buildings and other equipment of fire companies of any city, town or privately owned fire company are exempt from property tax.

Purpose

Extends the property tax exemption municipal fire districts receive to cover privately-owned land on which fire districts maintain fire stations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.002	$0.002	$0.002	$0.002

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in a state levy shift of less than $1,000 and a local levy shift of an estimated $2,000 in Fiscal Year 2018.

Assumptions

- There is only one fire station located on privately-owned land.
- The total estimated exempt value is $190,000.

Data Sources

- Kitsap County Assessor parcel data
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1890
Primary Beneficiaries:	One known fire district owning a fire station on privately-owned land
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.060(1d) - Humane societies

Description

Property owned and used by humane societies is exempt from property tax.

Purpose

Supports the social benefits that humane societies provide. Also, provides the same tax exempt status granted to animal shelters operated by local governments.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.053	$0.054	$0.055	$0.057
Local Taxes	$0.238	$0.250	$0.260	$0.270

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.010	$0.030	$0.030

Repealing this exemption results in a state levy shift of an estimated $60,000 and a local levy shift of an estimated $230,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $24.4 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1915
Primary Beneficiaries:	56 parcels owned by humane societies
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.070 - Intangibles

Description

Intangible personal property receives an exemption from property tax. The definition of intangible personal property includes:

- All money and credits, such as mortgages, cash, deposits, loans and securities;
- Private personal service contracts and athletic franchises or agreements; and
- Other intangible personal property including but not limited to trademarks, trade names, trade secrets, patents, copyrights, franchise agreements, customer lists, licenses and permits.

The law specifically excludes characteristics and attributes of real property (zoning, location, view, geographic features, etc.) from the definition of intangible personal property.

Purpose

Avoids the double taxation of tangible assets underlying certain intangible assets. The exemption also recognizes the administrative difficulty of locating and valuing such mobile assets.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4,139.614	$4,141.420	$4,106.726	$4,111.182
Local Taxes	$18,666.483	$19,197.091	$19,289.112	$19,565.314

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$8.383	$8.338	$8.378
Local Taxes	$0.000	$175.211	$181.078	$187.140

Repealing this exemption results in a state levy shift of an estimated $4.107 billion and a local levy shift of an estimated $17.265 billion in Fiscal Year 2018.

Continued

84.36.070 - Intangibles

Assumptions

- Intangible personal property owned by businesses grows at a rate equal to the forecasted aggregate state income growth rate. Intangible personal property owned by individuals grows at the forecasted rate of household financial assets provided by Global Insights.
- Firms that own state assessed properties own intangible property. The addition of state assessed property to the tax rolls impacts the state levy by increasing the levy limit by an amount equal to the additional state assessed value multiplied by the prior year's state levy. This impact increases state property tax collections by approxemtly $8 million annually.
- The total estimated exempt value is $1,907.53 billion.

Data Sources

- The World Bank
- Federal Reserve Bank of St. Louis
- Bureau of Economic Analysis, gross domestic product and personal income data
- Report: "What Ideas are Worth: The Value of Intellectual Capital and Intangible Assets in the American Economy" by Kevin A. Hassett and Robert J. Shapiro (Sonecon)
- Global Insight's February 2015 forecast
- Economic and Revenue Forecast Council’s February 2015 forecast
- State Property Tax Levy Model
- Barron's Online Financial Data
- Department of Revenue public utility property valuations

Additional Information

Additional Information	
Category:	Intangibles
Year Enacted:	1931
Primary Beneficiaries:	Holders of intangible assets, both individuals and businesses
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

84.36.079 - Ships under construction

Description

Vessels that can carry more than 1,000 tons that are under construction and materials and parts held by the builder at the construction site for use in these vessels are exempt from property tax.

Purpose

Improves the competitive position of shipyards in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in no levy shifts.

Assumptions

- The total estimated exempt value is $0
- No construction of private ships of this magnitude has taken place in recent years, and none is anticipated in the near future.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1959
Primary Beneficiaries:	Owners of vessels under construction and the shipyards where the activity occurs
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.36.080(1) - Commercial vessels

Description

Vessels used for commercial fishing or for transportation of persons or freight in interstate commerce are subject to the state property tax only and are exempt from all local tax levies.

Purpose

Promotion of ocean-going commerce and commercial fishing in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.949	$0.969	$0.995	$1.021
Local Taxes	$4.279	$4.494	$4.672	$4.857

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.250	$0.490	$0.510

Repealing this exemption results in a state levy shift of an estimated $1.0 million and a local levy shift of an estimated $4.2 million in Fiscal Year 2018.

Assumptions

- The apportioned value of commercial vessels is exempt from local property tax levies.
- The estimated apportioned value for assessment year 2014 is equal to the four year average from 2010 to 2013.
- The total estimated exempt value is $438.71 million.

Data Sources

- Economic and Revenue Forecast Council’s February 2015 forecast
- State Property Tax Levy Model
- Department of Revenue Property Tax Statistics

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1931
Primary Beneficiaries:	Owners of about 1,800 commercial vessels
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

84.36.080(2) - Historic vessels

Description

Ships and vessels listed on the state or federal register of historic places are exempt from property tax.

Purpose

Encourages retention and restoration of historic boats.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.028	$0.027	$0.026	$0.025
Local Taxes	$0.126	$0.125	$0.120	$0.118

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.010	$0.010	$0.010

Repealing this exemption results in a state levy shift of an estimated $30,000 and a local levy shift of an estimated $100,000 in Fiscal Year 2018.

Assumptions

- The assessed value of vessels listed in the state or federal register of historical places will remain constant.
- The total estimated exempt value is $13.2 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Center for Wooden Boats
- Washington Information System for Architectural and Archaeological Records Data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1986
Primary Beneficiaries:	Owners of vessels listed in the state or federal register of historical places
Taxpayer Count:	21
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

84.36.090 - Other ships and vessels

Description

All ships and vessels, other than commercial vessels and vessels under construction, are exempt from property tax.

Purpose

Protects the owners of pleasure boats and other vessels from paying both the personal property tax and the 0.5 percent state watercraft excise tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.443	$5.188	$4.928	$4.775
Local Taxes	$24.529	$24.044	$23.141	$22.721

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.290	$2.430	$2.370

Repealing this exemption results in a state levy shift of an estimated $4.9 million and a local levy shift of an estimated $20.7 million in Fiscal Year 2018.

Assumptions

- The estimated value of vessels exempted by this statute is based on vessels that are assessed the watercraft excise tax. This does not include human powered crafts and boats under sixteen feet in length. The value of human powered crafts and boats under sixteen feet likely represents a small percent of the total value of vessels in the state. It's also unlikely that many of these crafts would be discovered and listed by county assessors. Therefore, the value of vessels that pay the watercraft excise tax is a good representation of the total value of exempted vessels.
- The watercraft excise tax and vessel registration fees will be assessed in addition to property tax if this exemption is repealed.
- The total estimated exempt value is $2.58 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Continued

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1931
Primary Beneficiaries:	Owners of pleasure boats
Taxpayer Count:	0
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2008

84.36.105 - Cargo containers

Description

Cargo containers principally used in ocean commerce are exempt from property tax.

Purpose

To help Washington ports compete with other West Coast ports.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.391	$0.375	$0.356	$0.345
Local Taxes	$1.764	$1.737	$1.672	$1.642

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.090	$0.180	$0.170

Repealing this exemption results in a state levy shift of an estimated $0.4 million and a local levy shift of an estimated $1.5 million in Fiscal Year 2018.

Assumptions

- The quantity of cargo containers moving through Washington ports is constant.
- The total estimated exempt value is $184.27 million.

Data Sources

- The Northwest Seaport Alliance
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1975
Primary Beneficiaries:	Owners of cargo containers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

84.36.110(1) - Household goods

Description

Household items and furnishings in actual use and personal effects held by the owner for personal use are exempt from property tax.

Purpose

Avoids the administrative difficulty of locating and listing household items and establishing values for used items.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$88.880	$85.430	$81.420	$79.150
Local Taxes	$400.610	$395.960	$382.360	$376.670

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$21.260	$40.120	$39.280

Repealing this exemption results in a state levy shift of an estimated $81.4 million and a local levy shift of an estimated $342.2 million in Fiscal Year 2018.

Assumptions

- The Washington share of the national value of household goods and personal effects is equal to Washington's share of national population, which is a little more than 2%.
- Washington population will grow near 0.8% annually.
- The value of household goods and personal effects will grow approximately 1.8% per year.
- The total estimated exempt value is $41.79 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Bureau of Economic Analysis
- U.S. Census Bureau
- OFM Population April 1 Estimate

Continued

84.36.110(1) - Household goods

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1871
Primary Beneficiaries:	Approximately 2.6 million households
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.36.110(2) - $15,000 of nonresidential personal property

Description

In addition to the complete exemption of household goods and personal effects, the first $15,000 of taxable personal property for heads of families is exempt from property tax, excluding private motor vehicles and mobile homes.

Purpose

Provides property tax relief to heads of families who have taxable personal property used in a business activity (essentially sole proprietors).

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.446	$0.435	$0.422	$0.417
Local Taxes	$2.009	$2.018	$1.981	$1.984

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.030	$0.060	$0.060

Repealing this exemption results in a state levy shift of an estimated $0.1 million and a local levy shift of an estimated $0.5 million in Fiscal Year 2018.

Assumptions

- County assessors do not list all sole proprietor personal property accounts of businesses owning less than $15,000. Since owners of personal property self report, county assessors would have to discover and audit non-reporting businesses that own less than $15,000. This is a costly and unnecessary exercise since assessors are not required to list these accounts, and these accounts have no taxable value. Only accounts that are currently on the rolls would become taxable if this exemption is repealed.
- The average value of personal property owned by non-reporting sole proprietors is $1,200.
- The value of exempt property will grow at 2% annually.
- The total estimated exempt value is $62.42 million.

Continued

84.36.110(2) - $15,000 of nonresidential personal property

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1890
Primary Beneficiaries:	Sole proprietor business owners with business personal property
Taxpayer Count:	130,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.130 - Airports owned by cities in other states

Description

Real and personal property located in Washington that is exclusively owned by a municipal corporation of an adjoining state that is used primarily as an airport facility is exempt from property taxation, as long as the size of the airport does not exceed 500 acres.

Purpose

While reciprocity is not mentioned in this statute, it is assumed that should a similar situation occur in Oregon or Idaho, those states would enact similar exemptions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Currently, there are no out-of-state municipalities that own airport property in Washington.
- There is one airport that is jointly owned by a Washington municipality and an Idaho municipality. Property at this airport is already exempt as government property under other Washington state laws.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1941
Primary Beneficiaries:	None, there are no out-of-state municipalities that soley own airport property
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

84.36.133 - Commuter Air Carriers Paying Excise Tax

Description

An aircraft owned and operated by a commuter air carrier is exempt from property tax for the calendar year if the owner has paid aircraft excise tax on the aircraft for that year.

Purpose

Recognizes the difficulty in providing accurate aircraft values for property tax purposes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.016	$0.016	$0.016	$0.017
Local Taxes	$0.071	$0.075	$0.077	$0.080

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.010	$0.010

Repealing this exemption results in a state levy shift of an estimated $20,000 and a local levy shift of an estimated $70,000 in Fiscal Year 2018.

Assumptions

- The number of commuter air carriers operating in Washington will remain constant through 2020.
- The 2014 market value of planes owned and operated by commuter air carriers is equal to the 2012 assessed value of such planes.
- The total estimated exempt value is $7.25 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Department of Revenue state assessed valuation data

Continued

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Owners of commuter air carriers
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2023

84.36.135 - Housing Finance Commission

Description

Real and personal property owned by the Washington State Housing Finance Commission is exempt from property tax.

Purpose

Reflects the legislative policy not to tax governmental operations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in a minimal state levy shift and a minimal local levy shift.

Assumptions

- The only property owned by the Housing Finance Commission is personal property. The estimated value of this propery is $150,000, and this value remains constant through the estimation period.
- The total estimated exempt value is $150,000.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	The Washington Housing Finance Commission
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.210 - Public right-of-way easements

Description

Easement rights obtained by government entities over private property are exempt from property taxation. Additionally, property over which the easement permits use is exempt from general tax foreclosure, and property taxes on the sale of delinquent property. Easement refers to the legal right to cross or otherwise use land for a specific purpose. To receive the exemption, the taxpayer must have written documentation of the easement on file with the county auditor's office. However, that some jurisdictions do negotiate payments in lieu of property taxes with local taxing jurisdictions.

Purpose

Since publicly owned property is exempt from taxation, it follows that the value of easements obtained by government agencies for public purposes on privately owned land should be similarly exempt.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

The impact of repealing this exemption is indeterminate. No source of information could be located which indicates the total number of easements, their size, or their value. An easement may add to the value of a parcel or it may detract from the value, depending upon the activity that the easement grants.

Data Sources

None

Continued

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1947
Primary Beneficiaries:	Governmental jurisdictions
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.230 - Interstate bridges

Description

Bridges and their approaches that cross state boundaries and are owned and operated by a bordering state or local government are exempt from property taxation within Washington. To qualify, the state owning the bridge or approach must likewise exempt all taxation of any bridges and their approaches owned and operated by the state of Washington or a local government within Washington.

Purpose

To remain consistent with regard to the taxation of government property and to avoid retaliatory taxation by adjoining states.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.027	$2.071	$2.125	$2.180
Local Taxes	$9.141	$9.601	$9.981	$10.378

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.540	$1.050	$1.080

Repealing this exemption results in a state levy shift of an estimated $2.1 million and a local levy shift of an estimated $8.9 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $937.30 million.

Data Sources

- Economic and Revenue Forecast Council’s February 2015 forecast
- State Property Tax Levy Model
- Washington State Department of Transportation structure data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1949
Primary Beneficiaries:	Presently eight bridges are managed by a neighboring state; seven by Oregon and one by Idaho
Taxpayer Count:	2
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

84.36.240 - Soil & water conservation districts

Description

Personal property belonging solely to soil and water conservation districts is exempt from property tax, unless a district engages in contract work for parties other than landowners or cooperators of the district.

Purpose

Assists what is essentially a quasi-governmental activity.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.006	$0.006	$0.005	$0.005
Local Taxes	$0.027	$0.026	$0.025	$0.025

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.002	$0.003	$0.003

Repealing this exemption results in a state levy shift of an estimated $10,000 and a local levy shift of an estimated $20,000 in Fiscal Year 2018.

Assumptions

- The assessed value of personal property exempt under this statute remains constant.
- The total estimated exempt value is $2.76 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Washington State Conservation Commission

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1963
Primary Beneficiaries:	45 soil and water conservation districts
Taxpayer Count:	45
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.250 - Nonprofit water cooperatives

Description

Property tax does not apply to real and personal property owned by a nonprofit corporation or cooperative association that distributes water to shareholders or members.

Purpose

Providing equal treatment for private, nonprofit and public work distributors and districts.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.165	$0.169	$0.173	$0.178
Local Taxes	$0.745	$0.783	$0.814	$0.846

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.040	$0.090	$0.090

Repealing this exemption results in a state levy shift of an estimated $170,000 and a local levy shift of an estimated $730,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $76.5 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1965
Primary Beneficiaries:	526 parcels owned by water corporations or cooperatives
Taxpayer Count:	195
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.36.255 - Habitat and water quality improvements

Description

Taxpayers may apply for a property tax exemption for improvements to real and personal property devoted to fish and wildlife habitat restoration and protection and to water quality and quantity improvements. To qualify, the improvements must be in accordance with a local conservation district's written plan for best management practices.

Purpose

Encourages improvement of fish and wildlife habitat and water quality/quantity.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.016	$0.017	$0.017	$0.017

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.001	$0.002	$0.002

Repealing this exemption results in a state levy shift of an estimated $4,000 and a local levy shift of an estimated $20,000 in Fiscal Year 2018.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to total assessed value for reporting counties.
- The total estimated exempt value is $1.63 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors

Continued

84.36.255 - Habitat and water quality improvements

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1997
Primary Beneficiaries:	Landowners who invest in habitat improvements
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.36.260 - Nonprofit conservation and open space lands

Description

Property tax does not apply to real property owned by nonprofit corporations or associations used exclusively for the conservation of ecological systems, natural resources, or open space, including park lands. The primary purpose of the nonprofit organization is conducting or facilitating scientific research or conserving natural resources or open space for the general public. The land must be dedicated to these purposes or be subject to an option to purchase by a governmental entity.

Purpose

Encouraging the preservation of open space land and supporting the activities of nature preservation and conservation organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.316	$0.323	$0.331	$0.340
Local Taxes	$1.425	$1.496	$1.556	$1.618

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.080	$0.160	$0.170

Repealing this exemption results in a state levy shift of an estimated $330,000 and a local levy shift of an estimated $ 1.4 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $146.1 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1967
Primary Beneficiaries:	1119 public parks
Taxpayer Count:	56
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

84.36.300 - Goods in transit

Description

Merchandise, goods, wares, and materials are exempt from property tax if they are manufactured outside Washington by the current owner and shipped into the state or acquired by the current owner from another in-state manufacturer, and subsequently exported in substantially the same form they were brought into the state (although repackaging, relabeling, etc. may take place here). Items exempted include aircraft parts and accessories, but not engines or major structural components, installed in Washington.

Purpose

Encourages trade and promotes economic growth.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase. Also, if this exemption were repealed, business inventories are still exempt under RCW 84.36.477.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Goods in transit are exempt under the business inventories exemption, RCW 84.36.477.
- Repeal of this statute would not impact tax revenues or taxpayers.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1961
Primary Beneficiaries:	Wholesalers of goods passing through the state and manufacturers of aircraft
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.36.350 - Nonprofit sheltered workshops

Description

Property tax does not apply to real or personal property used by a nonprofit corporation to operate a sheltered workshop for individuals with disabilities, including property used for manufacturing and handling, selling, or distributing goods constructed, processed, or repaired in the workshop and any inventory and raw materials.

Purpose

Supporting the social benefits and rehabilitative opportunities provided by the workshops.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.349	$0.357	$0.366	$0.376
Local Taxes	$1.576	$1.655	$1.721	$1.790

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.090	$0.180	$0.190

Repealing this exemption results in a state levy shift of an estimated $370,000 and a local levy shift of an estimated $ 1.5 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $161.6 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1970
Primary Beneficiaries:	91 parcels owned by sheltered workshops
Taxpayer Count:	20
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

84.36.381 - Senior and disabled homeowners exemption

Description

Retired senior citizens (aged 61 or more), disabled homeowners, and veterans entitled to and receiving compensation from the United States Department of Veterans Affairs with a total disability rating for a service-connected disability with incomes of $40,000 or less are exempt from all excess property taxes levied on their principal residence. Those whose income is between $30,000 and $35,000 also are exempt on all regular property tax levies on the first $50,000 of the residence's assessed value or 35 percent of the value up to a maximum of $70,000, whichever is greater. Homeowners with incomes less than $30,000 are exempt from all regular levies on the first $60,000 of assessed value or 60 percent of the value (with no maximum), whichever is greater.

The valuation of qualified homeowners remains unchanged as of January 1, 1995, or January 1 of the first assessment year the homeowner qualifies for the property tax exemption. To qualify for the valuation freeze, homeowners must have household income of $40,000 or less.

Any surviving spouse or surviving domestic partner of a person who was receiving an exemption at the time of the person's death will qualify if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets the requirements

Purpose

Provide property tax relief to low-income, retired or disabled homeowners.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$24.358	$26.471	$27.249	$28.957
Local Taxes	$159.180	$179.306	$184.725	$195.200

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$8.284	$14.308	$15.269

Repealing this exemption results in a state levy shift of an estimated $27.2 million and a local levy shift of an estimated $170.4 million in Fiscal Year 2018.

Continued

84.36.381 - Senior and disabled homeowners exemption

Assumptions

- The average frozen value of homes qualifying for this exemption will grow at 1.6 percent annually.
- The number of participants in this program remains constant.
- The share of exempt value that is exempt from regular levies remains constant.
- The total estimated exempt value is $14.89 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1967
Primary Beneficiaries:	Homeowners who are senior citizens, disabled, disabled veterans, and surviving spouses and partners who qualify for this program
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.400 - Home improvements

Description

Once every five years, physical improvements to existing single family residential structures are eligible for a three year property tax exemption following completion. The exemption is limited to improvements totaling 30 percent or less of the structure's value at the time the work commenced.

Purpose

To encourage homeowners to upgrade their residences.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.192	$0.196	$0.201	$0.206
Local Taxes	$0.865	$0.909	$0.945	$0.982

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.050	$0.100	$0.100

Repealing this exemption results in a state levy shift of an estimated $200,000 and a local levy shift of an estimated $900,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $88.75 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1972
Primary Beneficiaries:	Owners of single family dwellings who improve their home
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.36.451 - Public property leaseholds

Description

Private rights to use or occupy property owned by the federal government, the state of Washington and its subdivisions, and federally recognized Indian tribes, is exempt from property taxation. Individuals and businesses that lease public or tribal property are instead subject to the leasehold excise tax based on the rental value of the lease. The leasehold tax law limits the tax amount so that it cannot exceed the amount that would be collected as property tax.

Purpose

To ensure that lessees of public property pay only leasehold excise tax and not personal property tax on the value of the lease.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	($17.795)	($18.168)	($18.612)	($19.102)
Local Taxes	$18.928	$20.577	$21.751	$22.952

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	($27.882)	($28.579)	($29.330)
Local Taxes	$0.000	($21.938)	($20.159)	($20.648)

Repealing this exemption results in a state levy shift of an estimated $10.0 million and a local levy shift of an estimated $41.9 million in Fiscal Year 2018.

Assumptions

- Since the leasehold excise tax is considered a tax in lieu of property taxes, it would be repealed along with the repeal of this exemption
- Estimates are net of state and local leasehold excise tax. Because the state leasehold excise tax rate is proportionately greater than the local rate, compared with the property tax rates, a shift of tax burden from the state to local jurisdictions would take place if the exemption were eliminated.
- The total estimated exempt value is $4.40 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Continued

84.36.451 - Public property leaseholds

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1976
Primary Beneficiaries:	Private lessees of publicly owned property, e.g. port districts and state tidelands
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

84.36.470 - Agricultural products

Description

All agricultural products, as defined in RCW 82.04.213, grown or produced for sale by a person on lands owned or leased by the producer are exempt from property tax. Marijuana is not an agricultural product.

Purpose

To assist the agricultural economy.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$22.911	$22.888	$22.685	$22.934
Local Taxes	$103.311	$106.093	$106.550	$109.151

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$5.810	$11.180	$11.380

Repealing this exemption results in a state levy shift of an estimated $22.7 million and a local levy shift of an estimated $95.4 million in Fiscal Year 2018.

Assumptions

- The production value of agricultural products grows at its historical average growth rate, which is 4.3 percent.
- The total estimated exempt value is $10.56 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1984
Primary Beneficiaries:	Agricultural producers, processors, and shippers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.477 - Business inventories

Description

Business inventories, including most products held for sale, are exempt from property tax.

Purpose

To stimulate the economy and help to make Washington competitive with neighboring states that eliminated personal property taxes on business inventories.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$102.002	$98.964	$98.112	$99.065
Local Taxes	$459.649	$458.731	$460.831	$471.476

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$25.090	$48.350	$49.170

Repealing this exemption results in a state levy shift of an estimated $98.1 million and a local levy shift of an estimated $412.5 million in Fiscal Year 2018.

Assumptions

- The market value of business inventories in Washington will grow at the forecasted growth rate of national business inventories.
- The total estimated exempt value is $48.5 billion.

Data Sources

- 2012 Economic Census of the United States
- Global Insights May 2015 forecast
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1974
Primary Beneficiaries:	Manufacturers, wholesalers, and retailers
Taxpayer Count:	34,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

84.36.480 - Nonprofit fair associations

Description

Property taxes do not apply to real and personal property owned by a nonprofit fair association eligible to receive support from the fair fund that sponsors or conducts a county fair.

The exemption also applies to nonprofit fair associations organized under RCW 24.06 if the nonprofit purchased or acquired the majority of the property from a county or city between 1995 and 1998.

The exemption applies to properties valued at no more than $15 million. Loaning or renting the property to private concessionaires in conjunction with a fair does not nullify the exemption if the rental charges are reasonable and used for operating and maintaining the property. If any portion of the property is rented for more than 50 days during a calendar year, the rental income becomes subject to leasehold excise tax beginning January 1, 2019.

Purpose

To support county agricultural fairs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.045	$0.046	$0.047	$0.049
Local Taxes	$0.204	$0.214	$0.223	$0.232

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.010	$0.020	$0.020

Repealing this exemption results in a state levy shift of an estimated $50,000 and a local levy shift of an estimated $200,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $20.9 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

84.36.480 - Nonprofit fair associations

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1975
Primary Beneficiaries:	38 parcels owned by fair associations
Taxpayer Count:	11
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

84.36.487 - Air pollution control facilities

Description

Air pollution control equipment that is constructed or installed at a thermal electric generating facility after May 15, 1997, is exempt from property tax. To qualify, the generating facility must have begun operation between January 1, 1970, and July 1, 1975.

Purpose

To encourage thermal electric generating facilities to reduce air pollution emissions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.214	$0.189	$0.194	$0.199
Local Taxes	$0.961	$0.875	$0.910	$0.946

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.050	$0.100	$0.100

Repealing this exemption results in a state levy shift of an estimated $200,000 and a local levy shift of an estimated $800,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $88.5 million.

Data Sources

- Department of Revenue assessment data
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Owners of the Centralia steam plant
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.36.500 - Conservation futures on agricultural land

Description

Property tax does not apply to conservation futures of unlimited duration on agricultural lands owned by any nonprofit corporation or association. To qualify, the primary purpose of these organizations must be the conservation of agricultural lands and the prevention of converting these lands to non-agricultural uses.

Purpose

Encouraging the retention of farm lands in urban transitional areas.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on county data, no taxpayers are currently taking this exemption.
- No taxpayers will take the exemption during the next four years.

Data Sources

County Assessor data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1984
Primary Beneficiaries:	Nonprofit organizations that acquire development rights to agricultural lands and owners of the agricultural lands
Taxpayer Count:	0
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed an expedited review in 2012

84.36.510 - Mobile homes in dealer's inventory

Description

Property tax does not apply to mobile homes in a dealer's inventory and held solely for sale in the ordinary course of the dealer's business. Property tax does apply to taxes already levied or delinquent on the mobile home when it becomes part of a dealer's inventory.

Purpose

Helps make Washington competitive with neighboring states that eliminated personal property taxes on business inventories.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.027	$0.024	$0.020	$0.018
Local Taxes	$0.122	$0.109	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.006	$0.010	$0.008

Repealing this exemption results in a state levy shift of an estimated $20,000 and a local levy shift of an estimated $80,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $13.5 million.

Data Sources

- Unite States Census Bureau Manufactured Home Survey
- State property tax levy model

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Manufactured home dealers
Taxpayer Count:	90
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

84.36.550 - Nonprofit fund-raising

Description

Property tax does not apply to real and personal property owned by nonprofit organizations that solicit gifts, donations, or grants if:

- The organization is nonsectarian,
- A state or national group that authorizes, approves, or sanctions volunteer charitable fund-raising efforts affiliates with the nonprofit organization,
- The organization is exempt from federal income tax,
- The organization has a volunteer board of directors, and
- The organization uses gifts, donations, and grants for character-building, benevolent, protective, or rehabilitative social services to people of all ages for distribution to at least five other nonprofit organizations or associations that are organized and conducted for the same purposes listed above.

Purpose

Supporting the fund-raising activities of these nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.036	$0.037	$0.038	$0.039
Local Taxes	$0.163	$0.172	$0.178	$0.185

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.010	$0.020	$0.020

Repealing this exemption results in a state levy shift of an estimated $40,000 and a local levy shift of an estimated $ 160,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $16.7 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1993
Primary Beneficiaries:	10 parcels owned by nonprofit fund raising organizations
Taxpayer Count:	7
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

84.36.560 - Nonprofit low-income rental housing

Description

Property tax does not apply to real and personal property owned or leased by nonprofit organizations providing rental housing for very low-income families, or providing space for placing a mobile home for very low-income families in a mobile home park if:

- Very low-income households live in at least 75 percent of the housing provided;
- The homelessness surcharges collected by county auditors; county, city, or town affordable housing levies; or federal or state housing programs insure or help finance the rental housing or mobile home park; and,
- The benefit of the exemption is realized by the nonprofit entity.

The nonprofit organization can get a partial exemption if very low-income households live in less than 75 percent of the housing provided.

Purpose

Encouraging the construction and use of housing for very low-income households.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.927	$5.033	$5.164	$5.299
Local Taxes	$22.215	$23.332	$24.257	$25.221

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$1.310	$2.540	$2.630

Repealing this exemption results in a state levy shift of an estimated $5.2 million and a local levy shift of an estimated $21.7 million in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $2.28 billion.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

84.36.560 - Nonprofit low-income rental housing

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1999
Primary Beneficiaries:	1,137 parcels of rental housing
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.570 - Nonprofit demonstration farms

Description

Property tax does not apply to all real and personal property of a demonstration farm used by a research and education program of a state university and owned by a nonprofit organization, corporation, or association if:

- The property is no more than 50 acres,
- The nonprofit organization, corporation, or association is a 501(c)(3),
- The farm includes research and extension facilities, a public agricultural museum and an educational tour site used by a state university for agricultural research and education programs,
- Income from the sale of agricultural products furthers the purpose of the nonprofit organization, and
- Exempted property must be used exclusively for the purposes of the exemption.

Purpose

Enabling the continued operation of a demonstration cranberry farm by Washington State University in Pacific County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.002	$0.003	$0.003	$0.003
Local Taxes	$0.011	$0.012	$0.013	$0.013

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.001	$0.001	$0.001

Repealing this exemption results in a state levy shift of an estimated $3,000 and a local levy shift of an estimated $10,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $1.2 million.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Continued

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1999
Primary Beneficiaries:	2 parcels owned by demonstration farms
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.575 - Emergency medical aircraft

Description

Property tax does not apply to aircraft if it is owned by a 501(c)(3) nonprofit organization, provides emergency medical transportation services, and the benefit of the exemption is realized by the nonprofit that owns the aircraft.

The exemption expires January 1, 2020.

Purpose

Reduces the costs to nonprofit organizations of owning emergency medical transportation aircraft.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are currently no taxpayers claiming this exemption.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2010
Primary Beneficiaries:	Nonprofit emergency medical transport organizations
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

84.36.590 - Vitrification equipment

Description

Personal property located on land owned by the U.S. government at the Hanford reservation is exempt from property tax if it is used exclusively in the performance of a privatization contract to pre-treat, treat, vitrify or immobilize tank waste. The personal property must be used by the person who has a privatization contract to perform tank waste clean-up operations at the Hanford Reservation.

Purpose

Supports nuclear waste clean-up activities at Hanford.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There is no privetely owned vitrification equipment operating at the Hanford reservation, and it's likely that any equipment installed in the future would be owned and operated by the United States Department of Energy.
- Any equipment used in this effort owned directly by the federal government would be exempt under RCW 84.36.010, not this statute.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2000
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.595 - Motor vehicles, trailers, and campers

Description

Motor vehicles, travel trailers, and campers are exempt from property tax.

Purpose

Ensures that property tax does not apply to vehicles.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$91.445	$93.408	$95.846	$98.354
Local Taxes	$412.318	$433.046	$450.220	$468.109

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$24.250	$47.230	$48.820

Repealing this exemption results in a state levy shift of an estimated $95.9 million and a local levy shift of an estimated $403 million in Fiscal Year 2018.

Assumptions

- All vehicles in Washington are registered with the state and are therefore represented in the database maintained by the Department of Licensing.
- The total estimated exempt value is $42.28 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- Department of Licensing database

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2000
Primary Beneficiaries:	Individuals and businesses who own vehicles
Taxpayer Count:	7,000,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.600 - Custom computer software

Description

Custom computer software, except for embedded software, is exempt from property tax. Custom software is software designed for a specific need for a single person or group of persons. Also exempt are master or golden copies of software, retained rights in computer software and modifications to prewritten software.

Purpose

To recognize the administrative difficulties in valuing such software and to achieve uniform tax treatment in all counties.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.375	$2.426	$2.489	$2.554
Local Taxes	$10.707	$11.245	$11.691	$12.156

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.630	$1.230	$1.270

Repealing this exemption results in a state levy shift of an estimated $2.5 million and a local levy shift of an estimated $10.5 million in Fiscal Year 2018.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to total assessed value for reporting counties.
- The total estimated exempt value is $1.10 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors
- Bureau of Labor Statistics, Consumer Price Index

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1991
Primary Beneficiaries:	Businesses that own custom computer software
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.36.605 - Regional Transit Authority Sales and Leasebacks

Description

Property tax does not apply to the real and personal property of a regional transit authority (RTA) subject to sale and leaseback arrangements. An RTA may sell facilities, trains, and buses, then lease them back from the investor.

Purpose

Provides the RTA with assistance in acquiring and financing trains, buses, and facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The RTA does not use this exemption due to a change in policy by the IRS which no longer allows the investor to write-off depreciation of the equipment.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast
- State property tax levy model

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	Sound Transit
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.630 - Farm machinery (state levy)

Description

Personal property in the form of machinery and equipment owned by a farmer and used in growing and producing agricultural products is exempt from the state property tax only. Farm machinery is still subject to local property tax levies.

Purpose

Reduces the property tax burden for farmers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.202	$2.249	$2.308	$2.368
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in a state levy shift of an estimated $2.31 million in Fiscal Year 2018.

Assumptions

- The estimated assessed value of exempted farm machinery and equipment for assessment year 2014 is equal to the prior three year average.
- The total estimated exempt value $1.02 billion.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Farmers
Taxpayer Count:	6,300
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

84.36.635 - Biodiesel and alcohol fuel production facilities

Description

Real and personal property used primarily for manufacturing alcohol fuel, biodiesel fuel, biodiesel feedstock, wood biomass fuel, and the operation of an anaerobic digester are exempt from property tax. Land used to grow crops for such fuel is not eligible for the exemption.

Manufactures of alcohol fuel, biodiesel fuel, or biodiesel feedstock must apply for the exemption no later than December 31, 2015.

Applications for anaerobic digesters must be filed by the December 31, 2012. The exemption is valid for six years and may not be renewed.

Purpose

Encourages the manufacturing of alternatives to petroleum-based fuels.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.021	$0.017	$0.011	$0.008
Local Taxes	$0.096	$0.077	$0.049	$0.040

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.008	$0.005	$0.004

Repealing this exemption results in a state levy shift of an estimated $0.01 million and a local levy shift of an estimated $0.04 million in Fiscal Year 2018.

Assumptions

- A few operators of anaerobic digesters claim this exemption.
- Operators may not apply for this exemption after December 31, 2012 and the exemption lasts for six years.
- There are no known property owners claiming the exemption for manufacturing of alcohol fuel, biodiesel fuel, biodiesel feedstock, and no new qualifying facilities will be built before December 31, 2015.
- All exemptions will expire for taxes due in 2020.
- The total estimated exempt value is $10.0 million.

Continued

84.36.635 - Biodiesel and alcohol fuel production facilities

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- 'Washington Dairies and Digesters' published by the Washington State Department of Agriculture

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of alcohol fuel, biodiesel fuel, biodiesel feedstock, or operators of an anaerobic digester
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

84.36.640 - Wood biomass fuel production facilities

Description

Real and personal property used primarily to manufacture wood biomass fuel is exempt from property tax. The exemption extends to land upon which the property is located and that is reasonable necessary in the manufacturing of wood biomass. Land used to grow crops used for such fuel is not subject to the exemption. The exemption is for the first six years following the date the manufacturing facility or addition to an existing manufacturing facility becomes operational. Claims must be filed with the county assessor before December 31, 2015.

"Wood biomass fuel" means a pyrolytic liquid fuel or synthesis gas-derived liquid fuel, used in internal combustion engines, and produced from wood, forest, or field residue, or dedicated energy crops that do not include wood pieces that have been treated with chemical preservatives such as creosote, pentachlorophenol, or copper-chrome-arsenic.

Purpose

To encourage the manufacturing of alternatives to petroleum-based fuels.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no known property owners claiming this exemption, and no new qualifying facilities will be built before December 31, 2015.

Data Sources

None

Continued

84.36.640 - Wood biomass fuel production facilities

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of wood biomass fuel
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

84.36.645 - Semiconductor Materials Manufacturing After $1 Billion Investment - Machinery and Equipment

Description

Machinery and equipment exempt from sales and use tax under RCW 82.08.02565 or 82.12.02565 used in manufacturing semiconductor materials is exempt from property tax. The exemption is contingent upon the siting of a significant semiconductor fabrication facility with an investment of at least $1 billion in buildings and equipment in Washington. The exemption expires 12 years after the effective date.

Purpose

Encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No facilities qualify for this exemption and none are expected to locate to Washington during the forecast period.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None, no firms qualify for this exemption
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

84.36.650 - Nonprofit fund-raising to support artists

Description

Property tax does not apply to real and personal property owned by a nonprofit organization that raises funds to support individual artists if:

- The organization is nonsectarian,
- The organization is a 501(c)(3),
- The organization has at least 8 board members,
- The organization uses funds for grants, fellowships, information services, or education resources for individual artists, and
- If the property is leased, the exemption's benefit is realized by the lessee.

Purpose

Assisting nonprofit organizations that support artists.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Based on county data, no taxpayers are currently taking this exemption.
- No taxpayers will take the exemption during the next four years.

Data Sources

County assessor data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2003
Primary Beneficiaries:	0
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

84.36.655 - Aircraft facilities, port property

Description

Facilities used to manufacture superefficient airplanes which are located on property owned by a port district are exempt from property tax. The exemption covers buildings, machinery, equipment and other personal property owned by a lessee of port district property.

This exemption is not available if the manufacturer takes the business and occupation tax credit provided by RCW 82.04.4463. This exemption expires July 1, 2040.

Purpose

Encourages establishment of a super-efficient airplane manufacturing facility in Washington. This exemption presumes that such a facility would be located on port district property. As such, it addresses the personal property component of the facility, since the real property is likely to be publicly-owned.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no facilities located on port district property used in manufacturing superefficient airplanes. Nor are there any known plans to construct a facility in the near term.

Data Sources

None

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Any manufacturer of a super-efficient airplane that locates a facility on port district property
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

84.36.660 - Sprinkler systems in nightclubs

Description

Prior to December 1, 2009, owners or qualified lessees of nightclubs who install sprinkler systems could apply for a property tax exemption for up to ten years on the increase in market value attributable to the sprinkler system. In 2007, all nightclubs were required to install automatic sprinkler systems by December 1, 2009.

Purpose

Encourage the installation of automatic sprinkler systems in night clubs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.002	$0.002	$0.002

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in a state levy shift of less than $1,000 and a local levy shift of an estimated $2,000 in Fiscal Year 2018.

Continued

84.36.660 - Sprinkler systems in nightclubs

Assumptions

- A survey of King, Pierce, and Snohomish counties reveal that one taxpayer claimed this exemption there.
- Since the majority of nightclubs are in those three counties, it's likely that there is only one taxpayer claiming this exemption statewide.
- The total estimated exempt value is $110,000.

Data Sources

- County assessment roll data
- Economic and Revenue Forecast Council’s February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Owners of nightclubs
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.36.665 - Military housing

Description

Qualifying privately owned military housing is exempt from property tax.

Purpose

Supports privatization of military housing on federal land.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.354	$0.342	$0.331	$0.328
Local Taxes	$1.594	$1.584	$1.554	$1.559

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.090	$0.160	$0.160

Repealing this exemption results in a state levy shift of an estimated $300,000 and a local levy shift of an estimated $1.4 million in Fiscal Year 2018.

Assumptions

- Improvement value of exempt property will grow at the forecasted inflation rate.
- The total estimated exempt value is $166.68 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Assessor parcel data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Owners of military housing projects awarded under the military housing privatization initiative
Taxpayer Count:	2
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

84.37.030 - Low-income homeowners tax deferral

Description

A homeowner may defer 50 percent of special assessments and real property taxes if the homeowner:

- Owns the house for more than five years and lived in the house as of January 1 of the year taxes are due,
- Has a combined disposable income of $57,000 or less in the calendar year prior to filing,
- Total amount deferred cannot exceed 40 percent of the amount of the claimant's equity value in the residence,
- Already paid half of the taxes due for the year, and
- Has enough fire and casualty insurance to protect the interests of the state.

The homeowner can't defer special assessments or property taxes under RCW 84.38.030 and this program at the same time and can only defer up to 40 percent of his or her equity in the property. The state reimburses local taxing districts for the local property taxes deferred under this program.

Purpose

Relieving the property tax burden of persons with limited incomes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.033	$0.034	$0.034	$0.035
Local Taxes	$0.134	$0.135	$0.137	$0.138

Repeal of exemption

Repealing this property tax deferral would increase state revenues. Unlike most property tax exemptions it would not shift property taxes to the currently exempt taxpayers and reduce the tax burden of other taxpayers since the state reimburses local taxing districts for the local property taxes deferred under this program.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.169	$0.171	$0.173
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this deferral results in no state levy shift, no local levy shift, and no potential revenue gain to local taxing districts as the state reimburses local taxing districts for the local property taxes deferred under this program.

Assumptions

None

Continued

84.37.030 - Low-income homeowners tax deferral

Data Sources

- County assessor data
- State property tax levy model

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Low income homeowners
Taxpayer Count:	96
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

84.38.030 - Senior and disabled homeowners tax deferral

Description

A homeowner may defer 80 percent of special assessments and real property taxes if the homeowner:

- Meets all requirements for an exemption for the residence under RCW 84.36.381,
- Is 60 or older by December 31 of the deferral claim year, or is retired due to physical disability,
- Has a combined disposable income of $45,000 or less,
- Has enough fire and casualty insurance to protect the interests of the state,
- Owned, at the time of filing, the residence upon which the special assessment and /or real property taxes are imposed,
- If claiming a special assessment deferral, opted for installment payments if available, and
- Any surviving spouse or surviving domestic partner of a person who was receiving a deferral at the time of the person's death qualifies if the surviving spouse or surviving domestic partner is fifty-seven years of age or older and otherwise meets these requirements.

The state reimburses local taxing districts for the local property taxes deferred under this program.

Purpose

Relieve the property tax burden of low-income, elderly, or disabled persons.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.074	$0.094	$0.099	$0.105
Local Taxes	$0.294	$0.376	$0.397	$0.420

Repeal of exemption

Repealing this property tax deferral would increase state revenues. Unlike most property tax exemptions it would not shift property taxes to the currently exempt taxpayers and reduce the tax burden of other taxpayers since the state reimburses local taxing districts for the local property taxes deferred under this program.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.470	$0.496	$0.525
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this deferral results in no state levy shift, no local levy shift, and no potential revenue gain to local taxing districts as the state reimburses local taxing districts for the local property taxes deferred under this program.

Continued

84.38.030 - Senior and disabled homeowners tax deferral

Assumptions

None

Data Sources

County assessor data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1975
Primary Beneficiaries:	Senior and disabled homeowners
Taxpayer Count:	189
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

84.39.010 - Veteran widows and widowers

Description

Widows or widowers of a veteran qualify for a property tax exemption, in the form of a grant, if they:

- Meet all the requirements under the senior citizens exemption program (RCW 84.36.381), other than the income limits.
- Are 62 or older by December 31 of the exemption claim year or retired due to physical disability and the veteran:
  - Died from a service-related disability
  - Was 100 percent disabled by the United States Veterans Administration for at least the last10 years prior to the veteran's death
  - Was a prisoner of war and rated 100 percent disabled for at least 1 year prior to the veteran's death, or died while on active duty or in active military status

In addition, the widow or widower of a veteran must not have:

- remarried
- have a combined disposable income of more than $40,000.

The grant equals the amount of regular and special property tax levies imposed on the difference between the value of the residence that is eligible under the senior citizens exemption program and the following:

- If disposable income is less than $30,000, the first $100,000 of residential value.
- If disposable income is between $30,000 and $35,000, the first $75,000 of residential value.
- If disposable income is between $35,000 and $40,000, the first $50,000 of residential value.

Purpose

Providing property tax relief to survivors of deceased veterans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.003	$0.003	$0.003	$0.003
Local Taxes	$0.010	$0.010	$0.010	$0.010

Repeal of exemption

Repealing this property tax exemption would increase state revenues. Unlike most property tax exemptions it would not shift property taxes to the currently exempt taxpayers and reduce the tax burden of other taxpayers since the state provides a grant for the state and local property taxes deferred under this program.

Continued

84.39.010 - Veteran widows and widowers

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.013	$0.013	$0.013
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repealing this exemption results in no state levy shift, no local levy shift, and no potential revenue gain to local taxing districts as the state provides a grant to the taxpayer for the state and local property taxes deferred under this program.

Assumptions

None

Data Sources

County assessor data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2005
Primary Beneficiaries:	Widows or widowers of veteran
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

84.40.030(3) - Growing crops

Description

The value of agricultural land on January 1 does not include growing crops for property tax purposes. This exemption does not apply to marijuana.

Purpose

The harvesting of most crops prior to January 1 prevents them from being subject to property tax. This exemption provides equal treatment for the few crops that may still be growing in the ground, principally winter wheat and fall barley.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.178	$0.182	$0.186	$0.191
Local Taxes	$0.802	$0.842	$0.875	$0.910

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.050	$0.090	$0.090

Repealing this exemption results in a state levy shift of an estimated $200,000 and a local levy shift of an estimated $800,000 in Fiscal Year 2018.

Continued

84.40.030(3) - Growing crops

Assumptions

- Agricultural crops that are growing in the growing in the ground on January 1 are exempt under RCW 84.40.030(3). Most of these crops are winter wheat, barley, and onions.
- Twenty-five percent of costs - excluding seed costs - have been incurred by January 1 for crops that are in the ground on January 1. The value of these crops is equal to the market value of the finished crop less the estimated remaining cost.
- The total estimated exempt value is $82.2 million.

Data Sources

- United States Department of Agriculture Nation Agriculture Statistics Service
- The National Onion Association
- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1890
Primary Beneficiaries:	Farmers who have crops growing on January 1
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

84.40.037 - Prewritten computer software

Description

Computer software, except embedded software, is subject to property tax on 100 percent of the purchase price in the first year following purchase and on 50 percent of the cost in the second year. Thereafter, it is exempt from property tax.

Purpose

Recognizes the rapid obsolescence of software and the difficulty of establishing accurate depreciation schedules for the myriad of software programs. Also, it helps provide uniformity of taxation throughout the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.142	$2.188	$2.245	$2.304
Local Taxes	$9.658	$10.143	$10.546	$10.965

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.570	$1.110	$1.140

Repealing this exemption results in a state levy shift of an estimated $2.3 million and a local levy shift of an estimated $9.4 million in Fiscal Year 2018.

Assumptions

- For counties that did not respond to a survey issued by the Department of Revenue, the estimated assessed value of exempt property is equal to the ratio of exempt value to total assessed value for reporting counties.
- The total estimated exempt value is $990.30 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports
- Survey of County Assessors

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1991
Primary Beneficiaries:	Businesses that own canned software
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

84.40.130(3) - Personal property tax penalty waiver

Description

During the 2012 Legislative session, the Legislature passed a personal property tax amnesty program allowing counties to optionally waive penalties for the failure to list taxable personal property with the county assessor.

The penalty waiver applied to assessment years 2011 and prior and to receive a waiver, the taxpayer had to apply by July 1, 2012. Also, all taxes had to be paid by September 1, 2012.

Purpose

Provided a window of opportunity for businesses to add to their list of taxable personal property without penalty.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this penalty waiver would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- In 2012, the amnesty program added $18.3 million in market value to the state property tax roll and $19.7 million in market value to local property tax rolls. The $1.4 million difference is agricultural machinery and equipment and exempt from state property taxes.
- Personal property depreciates and the value added during the 2012 amnesty program has been replaced or depreciated resulting in no continued value.

Data Sources

Garfield, King, and Thurston Counties Assessor and Treasurer data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2012
Primary Beneficiaries:	Business owners in Garfield, King and Thurston counties
Taxpayer Count:	1,500
Program Inconsistency:	None
JLARC Review:	JLARC scheduled to review in 2022

84.40.220 - Nursery stock

Description

Nursery stock not grown in the ground (e.g. pots or bags) is exempt from property tax.

Purpose

To provide tax treatment for nursery stock that is equivalent to growing crops.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.256	$0.248	$0.240	$0.238
Local Taxes	$1.156	$1.148	$1.126	$1.130

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.060	$0.120	$0.120

Repealing this exemption results in a state levy shift of an estimated $200,000 and a local levy shift of an estimated $1.0 million in Fiscal Year 2018.

Assumptions

- The value of nursery stock grows by the forecasted rate of inflation.
- The total estimated exempt value is $120.85 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1971
Primary Beneficiaries:	Owners of nurseries
Taxpayer Count:	620
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

84.56.025 - Delinquency penalty and interest waivers

Description

County treasurers must waive interest and penalties on delinquent property taxes when:

- Notice was not sent to the taxpayer due to an error by the county. Interest and penalties are reinstated if the taxpayer fails to pay delinquent taxes within thirty days of receipt of proper notice.
- The taxpayer fails to make one payment on their personal residence due to death of their spouse.
- Or, the taxpayer fails to make one payment on their parent's or stepparent's personal residence due to death of their parent or stepparent.

County treasurers, at their discretion, may waive interest and penalties on delinquent property taxes when:

- The taxpayer pays an erroneous amount due to an error by the taxpayer.

Purpose

Provides relief for taxpayers in cases of errors or hardships.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.210	$0.210	$0.210	$0.210

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.210	$0.210	$0.210

Repealing this exemption will not result in a state or local levy shift.

Assumptions

- The total number of households claiming this waiver is a little over 400.
- The average property tax owed for households claiming this waiver is approximetely $2,200.
- Little is known about the number of households claiming this waiver, so a reliable growth trend cannot be estimated.
- This estimate assumes no growth in the amount of penalties and interest waived each year.

Continued

84.56.025 - Delinquency penalty and interest waivers

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Property owners who may owe interest and penalties in these circumstances
Taxpayer Count:	400
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

84.56.335 - Mobile Homes Possessed by Landlords

Description

Property tax does not apply to a manufactured home or park model trailer worth less than $8,000 if the landlord of the manufactured home park takes ownership and submits a signed affidavit to the assessor indicating an intent to resell or rent the home and:

- The manufactured home or park model trailer has been abandoned, or
- A final judgment regarding the manufactured home or park model trailer for restitution of the premises under RCW 59.18.410 executes in favor of the landlord and the title transfers to the landlord.

All future taxes are the responsibility of the owner of the manufactured, mobile home or park model trailer.

Purpose

Allows manufactured home park owners to renovate and rent or sell abandoned homes without the responsibility of back property taxes, interest, and penalties owed by the previous owner.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.001	$0.001	$0.001	$0.001
Local Taxes	$0.006	$0.006	$0.006	$0.006

Repeal of exemption

Repealing a property tax exemption would increase state revenues. Unlike most property tax exemptions it would not shift property taxes to the currently exempt taxpayers and reduce the tax burden of other taxpayers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.001	$0.001	$0.001
Local Taxes	$0.000	$0.006	$0.006	$0.006

Assumptions

The total estimated exempt value is $135,000.

Data Sources

- County assessor data
- Economic and Revenue Forecast Council's February 2015 forecast

Continued

84.56.335 - Mobile Homes Possessed by Landlords

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Manufactured home park owners
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2023

84.70.010 - Destroyed property

Description

Property damaged by a disaster as declared by the Governor or county legislative authority may have its value reduced by the difference in fair market value before and after the disaster if the difference is greater than twenty percent.

Purpose

To provide relief for taxpayers when natural disasters destroy property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.025	$0.025	$0.026	$0.026
Local Taxes	$0.111	$0.116	$0.121	$0.127

Repeal of exemption

Repealing a property tax exemption would not increase state revenues. The repeal shifts the state property tax to the currently exempt taxpayers and reduces the tax burden of other taxpayers. The repeal may decrease the local rate. Local taxing districts at their statutory maximum may experience a revenue increase.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.010	$0.010	$0.010

Repealing this exemption results in a state levy shift of an estimated $30,000 and a local levy shift of an estimated $110,000 in Fiscal Year 2018.

Assumptions

The total estimated exempt value is $11.38 million.

Data Sources

- Economic and Revenue Forecast Council's February 2015 forecast
- State Property Tax Levy Model
- County Abstract Reports

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1974
Primary Beneficiaries:	Owners of property impacted by a natural disaster
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

Public Utility Tax

35.58.560 - METRO transit expenditures

Description

Metropolitan municipal corporations authorized to perform the function of metropolitan public transportation and operating an urban passenger transportation system may request a refund of the motor vehicle fuel tax paid on each gallon of fuel used.

Fuel used in a trip that goes more than six road miles beyond the corporate limits of the metropolitan municipal corporation boundaries is not eligible for a refund.

Purpose

To support public transportation systems.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.127	$0.127	$0.127	$0.127
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.116	$0.127	$0.127
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1967
Primary Beneficiaries:	Municipal Transit Corporations
Taxpayer Count:	3
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.12 - Alternative fuel commercial vehicle tax credit

Description

A credit is allowed against either B&O tax or PUT for the purchase of an alternative fuel commercial vehicle. The credit is calculated according to the gross vehicle weight rating of the vehicle and the incremental cost of the vehicle purchased above the purchase price of a comparable conventionally fueled vehicle. The credit is limited to the lesser of the incremental cost amount or a maximum credit amount per vehicle purchased, and is subject to a maximum annual credit amount per vehicle class. The credit provided is not available for the lease of a vehicle.

A credit is also allowed for the lesser of 50 percent of the incremental cost amount of converting a commercial vehicle to be principally powered by a clean alternative fuel with a United States EPA certified conversion, subject to the maximum annual credits per vehicle weight class.

The combined total B&O tax and PUT credits may not exceed the lesser of $250,000 or 25 vehicles per person per calendar year. Total statewide credits under this program may not exceed $6 million during any calendar year.

Purpose

Alternative fuel commercial vehicles cost more than comparable conventional fuel vehicles. The credit provides businesses an incentive to purchase alternative fuel commercial vehicles or convert conventional fuel vehicles to be powered by cleaner alternative fuel which is in line with the state's climate and environmental goals.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.500	$6.000	$6.000	$6.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.500	$6.000	$6.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Credits may be taken against the B&O tax or PUT.
- Credits are taken as an offset against PUT, not B&O tax since most businesses that can utilize the credit report the majority of income under PUT.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Continued

82.12 - Alternative fuel commercial vehicle tax credit

Data Sources

Department of Licensing data warehouse database

Additional Information

Additional Information	
Category:	Public Utilities Tax
Year Enacted:	2015
Primary Beneficiaries:	Businesses purchasing commercial alternative fuel vehicles or converting used commercial vehicles to be principally powered by clean alternative fuel
Taxpayer Count:	700
Program Inconsistency:	None evident
JLARC Review:	None

82.12 - Businesses that hire veterans

Description

This preference provides employers a Business and Occupation (B&O) tax credit for hiring unemployed veterans. The credit is available under the Public Utility Tax (PUT) also. However, no business may claim a credit against taxes due under both B&O and PUT taxes for the same employee.

The credit equals 20 percent of wages and benefits paid up to a maximum of $1,500 for each qualified employee hired on or after October 1, 2016. No credit may be claimed until a qualified employee has been employed for at least two consecutive full calendar quarters.

The total statewide credit cap is $500,000 per fiscal year.

Purpose

Encourage businesses to hire veterans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.050	$0.050	$0.050
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.050	$0.050	$0.050
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Up to 1,900 veterans could be impacted by this preference.
- Cost components of an employee: 70 percent wages and 30 percent benefits.
- Wages and benefits of veterans employed in the civilian labor market are comparable to those of the general workforce.
- Businesses employing these veterans have sufficient B&O tax (or PUT) liability to take advantage of all the credits earned.
- Of total credits that will be taken, 90 percent will be under B&O tax and 10 percent under PUT tax.

Data Sources

- Washington Employment Security Department
- United States Census
- United States Bureau of Labor Statistics
- United States Department of Defense
- Various military data sources

Continued

82.12 - Businesses that hire veterans

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Businesses and veterans
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	None

82.16.020 - Log transportation businesses

Description

RCW 82.16.020 provides log transportation businesses a preferential public utility tax rate of 1.28 percent (but with the surcharge, equates to 1.3696 percent). This preference is effective August 1, 2015

"Log transportation business" is the business of transporting logs by truck, except when such transportation meets the definition of urban transportation business or occurs exclusively upon private roads.

Purpose

Supports the forest products industry by providing permanent tax relief by lowering the public utility tax rate attributable to log transportation businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.800	$1.000	$1.000	$1.100
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.900	$1.000	$1.100
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Taxable income of this business activity will grow 6 percent annually.
- The tax rate difference between 1.926 percent and 1.3696 percent is the measure of tax savings.
- Ten months of taxpayer savings in Fiscal Year 2016 due to August 1, 2015 effective date.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Log haulers
Taxpayer Count:	700
Program Inconsistency:	None evident
JLARC Review:	None

82.16.020(1d) - Urban transportation

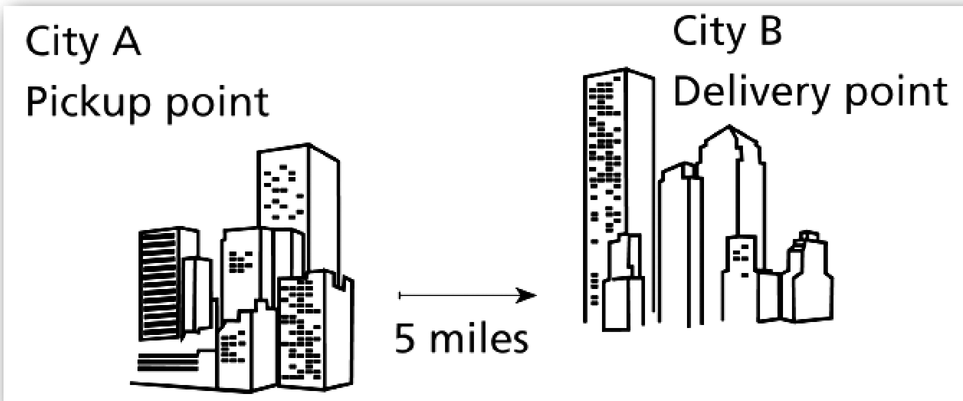
Description

Urban transportation businesses are subject to the public utility tax at a rate of 0.642 percent. The public utility tax rate for most other forms of transportation is 1.926 percent.

Urban transportation businesses operate vehicles for public use to convey persons or property for hire either entirely:

- Within a city,
- Within five miles of the city, or
- Within and between cities that are not more than five miles apart.

Example of Urban Transportation



Source: "Washington State Tax Guide – Trucking," Department of Revenue.

Purpose

Reduces costs for local transit authorities and qualifying businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.947	$8.186	$8.431	$8.684
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.504	$8.431	$8.684
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.16.020(1d) - Urban transportation

Assumptions

- Growth of 3 percent per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Local transit systems, taxi companies, intra-city delivery businesses, etc.
Taxpayer Count:	6,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.16.020(1e) - Vessels under 65 feet in length

Description

Vessels under sixty-five feet in length, except tugboats, operating upon the waters within the state are subject to the public utility tax at a rate of 0.642 percent. The public utility tax rate for most other forms of transportation is 1.926 percent.

Purpose

Provides tax relief for small vessels transporting persons or goods within Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.019	$0.020	$0.020	$0.021
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.018	$0.020	$0.021
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth of 3 percent per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Water transportation businesses
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.16.040 - Minimum income threshold - $2,000 per month

Description

The public utility tax does not apply to a business whose total gross income is less than $2,000 per month. Public utility tax applies to the total monthly gross income if it equals or exceeds $2,000 per month.

Purpose

To encourage new or small public utility businesses and for administrative convenience.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.691	$1.776	$1.864	$1.958
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.628	$1.864	$1.958
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Annual growth of 5 percent
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Small public service and utility firms
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.16.0421 - Electricity sold to electrolyte processors

Description

Utility companies providing electricity to producers of chlor-alkali or sodium chlorate do not pay public utility tax on the electricity used to produce those compounds. The exemption expires on June 30, 2019, and does not apply to sales of electricity made after December 31, 2018.

Purpose

Supports the chemical industry which supplies the pulp and paper industry with sodium chlorate used for bleaching pulp in white paper products. Electricity is a prime raw material component in the processing of the product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This incentive data is confidential because there are fewer than three taxpayers.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Firms in the electrolytic processing business
Taxpayer Count:	Less than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.16.045; 82.34.060(2) - Pollution control facilities

Description

Provides a credit against public utility tax for up to 50 percent of the cost of required pollution control facilities. The total annual credit is limited to 2 percent of the cost of such facilities.

Purpose

To encourage pollution control and to compensate existing companies for the costs they incur to meet upgraded pollution standards.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would possibly increase revenues. Taxpayers may argue that they have a vested right to credits currently being taken that were authorized under prior law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The entire credit is taken against B&O tax.
- The revenue impact is included under the B&O credit found in RCW 82.04.427.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1967
Primary Beneficiaries:	Businesses required to install pollution control facilities, primarily in the lumber and wood products, paper, aluminum and food products industries
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.16.046 - 2nd Narrows bridge

Description

A public utility tax exemption is allowed on income derived from operation of state route 16 corridor transportation systems and facilities constructed and operated under RCW 47.46. This statute addresses the second bridge over Puget Sound at the Tacoma Narrows and exempts any tolls received by the operator of the bridge from public utility tax.

Purpose

Lower the overall cost of operating the bridge.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Tolls will be received by the state, not the firm contracted to collect the tolls. Income derived from the operation of state route 16 does not fall under the public utility tax classifications.

Normally, the contractor is subject to B&O tax under the service classification on amounts paid by the state to perform this service. Thus, there is no impact on public utility tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This exemption has no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	Not applicable
JLARC Review:	JLARC completed an expedited review in 2014

82.16.046 - 2nd Narrows bridge

Description

A public utility tax exemption is allowed on income derived from operation of state route 16 corridor transportation systems and facilities constructed and operated under RCW 47.46. This statute addresses the second bridge over Puget Sound at the Tacoma Narrows and exempts any tolls received by the operator of the bridge from public utility tax.

Purpose

Lower the overall cost of operating the bridge.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Tolls will be received by the state, not the firm contracted to collect the tolls. Income derived from the operation of state route 16 does not fall under the public utility tax classifications.

Normally, the contractor is subject to B&O tax under the service classification on amounts paid by the state to perform this service. Thus, there is no impact on public utility tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This exemption has no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	Not applicable
JLARC Review:	JLARC completed an expedited review in 2014

82.16.047 - Ride-sharing and special needs transportation

Description

Ride sharing receipts are exempt from public utility tax for:
- Vanpools and carpools used for commuter ride sharing, and
- Public social service agencies or private, nonprofit transportation providers that transport persons with special transportation needs.

Purpose

Reduces motor vehicle fuel consumption and traffic congestion by promoting commuter ride sharing, and supports nonprofit organizations that provide group transportation services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.373	$0.369	$0.365	$0.360
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.338	$0.365	$0.360
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Income generated from providing these services derives from government funding.
- Growth mirrors the cost of funding provided for these services.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Health Care Authority Non-Emergency Medical Transportation Program
- Department of Revenue Excise Tax Data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1979
Primary Beneficiaries:	Nonprofit transportation providers and public transportation systems that provide transportation services
Taxpayer Count:	130
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.16.0491 - Rural electric utility contributions

Description

A light and power business may take a credit up to $25,000 per year against public utility tax for up to 50 percent of the contributions made to an electric utility rural economic development revolving fund. In order to qualify, the revolving fund must be for a county with a population density of fewer than 100 persons per square mile, a county smaller than 225 square miles, or any geographic area in the state that receives electricity from a light and power business with 12,000 or fewer customers. Total tax credits for all qualifying businesses are limited to $350,000 annually. A qualifying light and power business can carry over unused credits to subsequent years. The right to earn new tax credits expired on June 30, 2011.

Purpose

To improve economic, health, and safety conditions, and facilitate conservation and development of renewable energy resources, in qualifying rural areas.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption will not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This credit expired June 30, 2011.

Data Sources

Department of Revenue public utilities tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1999
Primary Beneficiaries:	Light and power companies
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.16.0495 - Electricity sold to direct service industry (DSI)

Description

Sales of electricity from a gas turbine electrical generation facility to a direct service industrial (DSI) customer are eligible for a public utility tax credit if such sales will be made for at least ten consecutive years and the price of the electricity will be reduced by an amount equal to the credit. The tax credit lasts for 60 months following the first qualifying sale of electricity. The DSI customer must maintain existing employment levels for at least five years to qualify. A DSI customer is an industrial customer that purchases power from the Bonneville Power Administration (BPA) for its own consumption.

Purpose

To encourage DSI customers to continue manufacturing in Washington after their power supply contracts with the BPA expire by switching to power from newly constructed power facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Based on Department data, no taxpayers are currently taking this credit.

Data Sources

Department of Revenue return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Direct service industry firms
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.16.0497 - Billing discounts provided to low-income households - credit

Description

A light and power business or a gas distribution business may take a credit against public utility tax for up to 50 percent of billing discounts provided to low-income households or qualified contributions to a low income home energy assistance fund.

To qualify for the credit, the business must give billing discounts or qualifying contributions in excess of 125 percent of those given in fiscal year 2000 (or the first year the business provided billing discounts or qualified contributions). The total amount of credits available for all businesses is $2.5 million annually.

Purpose

To reduce energy costs for low income persons.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.500	$2.500	$2.500	$2.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.300	$2.500	$2.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Electric and gas companies
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.16.0498 - Aluminum smelter purchases of power

Description

Income derived from the sale of electricity, natural gas or manufactured gas to an aluminum smelter is exempt from public utility tax. The contract for the sale of the power must specify that the price charged will be reduced by the amount of the tax savings for the utility company. The exemption is taken in the form of a credit against the utility's public utility tax liability.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fewer than three taxpayers benefit from this credit, so the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	The aluminum industry
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.16.050(1) - Municipal utilities receipts from taxes

Description

Municipally owned or operated public service businesses may deduct amounts received directly from local taxes levied for their support from their gross income subject to the public utility tax.

Purpose

To avoid taxing amounts derived from local utility taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.647	$0.647	$0.647	$0.647
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.647	$0.647	$0.647
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Municipal utilities which finance utility capital construction through assessments or taxes levied on property
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.16.050(10) - Farm products shipped to ports

Description

Business may deduct income derived from the transportation of agricultural commodities from points within Washington to interim storage facilities in this state for trans-shipment, without intervening transportation, to an export elevator, wharf, dock, or vessel from gross income subject to public utility tax, if a vessel then ships the commodities, without any intervening transportation, in their original form outside of the state. The deduction only applies if:

(1) more than 96 percent of all agricultural commodities delivered by the person claiming the deduction and delivered by all other persons to the commodity dealer's interim storage facilities during the preceding year was shipped by vessel in original form outside the state, and

(2) any of the commodities that are trans-shipped to ports will be received at storage facilities operated by the same commodity dealer and will be shipped from such facilities by vessel in original form outside the state.

Purpose

To avoid taxing the shipment of agricultural products for export outside of the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.216	$1.246	$1.278	$1.309
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.142	$1.278	$1.309
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- http://ewits.wsu.edu/reports.htm
- Washington Agricultural Statistics
- http://www.wawg.org/moving-your-grain

Continued

82.16.050(10) - Farm products shipped to ports

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2007
Primary Beneficiaries:	Persons who transport grain and other agricultural products
Taxpayer Count:	6,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.16.050(11) - Electric power exported or resold

Description

A business may deduct amounts derived from the production, sale, or transfer of electricity for resale within or outside of the state or for consumption outside of the state from gross income subject to public utility tax.

Purpose

To avoid taxing interstate commerce and to avoid pyramiding of the public utility tax on in-state sales of electricity for resale.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$14.406	$14.406	$14.406	$14.406
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

A repeal of the exemption would result in increased revenue due from the sale of electricity for resale within Washington. However, exported electricity is exempt from taxation under the commerce clause and no revenue can be realized regardless of this statue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$13.206	$14.406	$14.406
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The trend for this is assumed to be flat (there is no clear trend.)
- Because electric utilities are heavily regulated it is assumed that compliance will not be an issue.
- July 1, 2016 effective date which implies eleven months' collections in Fiscal Year 2017.

Data Sources

- The United States Department of Commerce's Energy Information Administration, form 861
- Department of Revenue sources

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Light and power businesses and power marketers
Taxpayer Count:	14
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.16.050(12) - Nonprofit water associations

Description

A business may deduct amounts derived from the distribution of water by a nonprofit water association and used for capital improvements by the association from gross income subject to public utility tax.

Purpose

Promotes capital improvements and expansion of water distribution systems operated by nonprofit associations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.400	$0.400	$0.400	$0.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.367	$0.400	$0.400
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1977
Primary Beneficiaries:	Nonprofit water associations and their members
Taxpayer Count:	65
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.16.050(13) - Sewerage processing and disposal

Description

A sewerage collection business may deduct payments to a business subject to B&O tax for the treatment or disposal of sewage from gross income subject to public utility tax.

Purpose

To ensure that payments for the treatment or disposal of sewage are not subject to public utility tax and B&O tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$8.815	$9.167	$9.534	$9.915
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$8.403	$9.534	$9.915
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth of 4 percent per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1987
Primary Beneficiaries:	Sewerage collection firms
Taxpayer Count:	35
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.16.050(14) - Transit improvements for low-income and elderly

Description

Public transportation agencies are allowed a deduction from gross income subject to public utility tax for income derived from fees or charges imposed for transit services. The deduction amount must be used to adjust routes to improve access for citizens to food banks and senior services or to extend or add new routes to assist low-income citizens and seniors.

Purpose

To promote better transit services for low-income and elderly persons.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.300	$0.300	$0.300	$0.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.275	$0.300	$0.300
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Assume no growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue deduction data for transit and ground passenger transportation.

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2006
Primary Beneficiaries:	Public Transportation agencies
Taxpayer Count:	50
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2017

82.16.050(2) - Sales for resale

Description

Businesses may deduct amounts derived from sales of commodities to persons in the same public service business that resell the commodity within the state from their gross income subject to the public utility tax. The deduction is available only to water distribution, gas distribution, or other public service businesses which furnish water, gas, or any other commodity in the performance of public service businesses.

Purpose

To avoid pyramiding of the public utility tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.500	$2.500	$2.500	$2.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.290	$2.500	$2.500
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Natural gas and water utilities
Taxpayer Count:	80
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.16.050(3) - Joint utility services

Description

A business may deduct from gross income subject to public utility tax payments made to another business subject to public utility tax for services jointly provided by both businesses.

Purpose

To eliminate pyramiding of the public utility tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$14.234	$14.803	$15.395	$16.011
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$13.569	$15.395	$16.011
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate is 4 percent per year.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Firms that jointly provide utility services to customers
Taxpayer Count:	600
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.16.050(4) - Cash discounts

Description

A business may deduct cash discounts taken by customers from gross income subject to public utility tax when the business's gross income reported includes these cash discounts.

Purpose

The deduction recognizes the true value of services performed by the business.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.760	$0.798	$0.838	$0.880
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.732	$0.838	$0.880
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth of 5 percent per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Utility firms that offer cash discounts to customers
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.16.050(5) - Bad debts

Description

A business may deduct bad debts from the gross income subject to public utility tax if these amounts were previously subject to tax.

Purpose

The deduction ensures equal treatment between taxpayers that use accrual basis accounting and those that use cash basis accounting.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.184	$2.250	$2.317	$2.387
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.063	$2.317	$2.387
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth of 3 percent per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Any firm that uses the accrual method of accounting and experiences unpaid debts
Taxpayer Count:	170
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.16.050(6) - Constitutional exemptions

Description

A business may deduct amounts prohibited from taxation under the Washington State Constitution, the U.S. Constitution, or federal law from gross income subject to public utility tax.

Purpose

To reflect the supremacy of the Washington State Constitution, the U.S. Constitution, and federal law.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$35.668	$36.312	$37.206	$37.970
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Revenues would not increase with the repeal of this exemption.

Data Sources

- International Registration Plan, Inc. (IRP) clearing house data for vehicle count of out of state motor carriers entering Washington
- Average per vehicle distance charts obtained from individual states' Departments of Motor Vehicle (DMV) or Departments of Licensing
- Association of American Railroads www.aar.org
- Economic and Revenue Forecast Council Public Utility Tax forecast for Railroad and Motor Transportation to determine growth
- Department of Revenue excise tax data

Additional Information

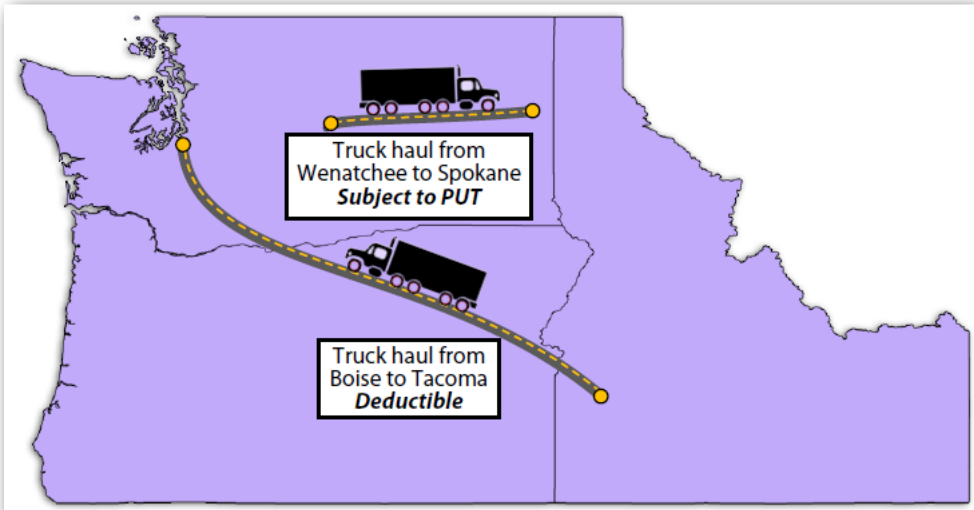
Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Interstate transportation companies
Taxpayer Count:	4,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.16.050(6) - Interstate transportation - in-state portion

Description

Businesses may deduct income the state constitutionally cannot tax from gross income subject to the public utility tax. Under current practice, this deduction includes income received by transportation businesses when a trip either begins or ends outside of Washington. For example, income received from a trip from Boise, Idaho to Seattle is eligible for the deduction.

Sample Truck Hauls – Taxability Under the Public Utility Tax



Source: JLARC analysis of 82.16.050(6)

Purpose

To avoid taxing transportation businesses that cross state borders.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$28.740	$29.415	$29.996	$30.611
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$26.964	$29.996	$30.611
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.16.050(6) - Interstate transportation - in-state portion

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Carrier activity in Washington will continue at rates assumed in the economic forecast

Data Sources

- International Registration Plan, Inc. clearing house data for vehicle count of out of state motor carriers entering Washington
- Average per vehicle distance charts obtained from individual states' Departments of Motor Vehicle (DMV) or Departments of Licensing
- Association of American Railroads www.aar.org
- Economic and Revenue Forecast Council's Public Utility Tax forecast for Railroad and Motor Transportation
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Interstate transportation companies
Taxpayer Count:	4,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.16.050(7) - Irrigation water

Description

A business may deduct amounts derived from the distribution of water through an irrigation system (other than the irrigation of marijuana as defined in RCW 69.50.101) from gross income subject to public utility tax.

Purpose

To lower the cost of water for farming.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.390	$1.432	$1.475	$1.519
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.313	$1.475	$1.519
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth of 3 percent per year.
- Eleven months of collections in Fiscal Year 2017 based on July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1935
Primary Beneficiaries:	Irrigation districts and their customers
Taxpayer Count:	70
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.16.050(8) - Interstate transportation - through freight

Description

In general, wholly instate trips (from one point in Washington to another) are subject to public utility tax. This deduction from the public utility tax is for instate portions of interstate shipments of goods where the carrier authorizes the shipper to stop the shipment in Washington to store, manufacture, or process the goods, then continues to transport the same goods or their equivalent, in the same or a converted form, to the final destination noted under a through freight rate (also known as a through bill of lading). The deduction applies to transportation of goods by truck, rail, and certain water transportation.

Purpose

To extend the favorable tax treatment provided to interstate transportation that would otherwise qualify for that exemption except for a temporary stoppage of transit in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The taxpayer savings are included in other exemptions in RCW 82.16.050

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1937
Primary Beneficiaries:	Shippers of goods passing through the state.
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.16.050(9) - Interstate transportation - shipments to ports

Description

Businesses may deduct income derived from transporting products from a point within Washington to an export elevator, wharf, dock, or vessel from gross income subject to public utility tax, if a vessel then ships the products, without any intervening transportation, in their original form outside of the state. The deduction does not apply if this shipment occurs within the same city.

Purpose

To avoid taxing products that are exported out of the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The taxpayer savings are included in other exemptions in RCW 82.16.050

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1937
Primary Beneficiaries:	Firms that transport agricultural products to Washington ports
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.16.053 - Electric power sold in rural areas

Description

A light and power business may deduct from gross income subject to the public utility tax the lesser of the amounts listed below.

- A percentage of wholesale power cost paid during the reporting period depending on the number of customers per mile of line:
  - 50 percent of wholesale power cost if the business has fewer than 5 ½ customer per mile of line;
  - 40 percent if the number of customers per line is between 5 ½ and 11;
  - 30 percent if the number of customers per line is between 11 and 17; or
  - Zero if the number of customers per line is greater than 17.

- Wholesale power cost multiplied by the percentage by which the average retail electric power rates for the light and power business exceed the state average electric power rate.

- $400,000 monthly.

Purpose

To reduce electricity costs in areas with geographically dispersed customers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.616	$2.616	$2.616	$2.616
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.398	$2.616	$2.616
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- No growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue Fiscal Year 2014 excise tax data

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1994
Primary Beneficiaries:	Public utility districts, power and light cooperatives and rural electric associations and their customers
Taxpayer Count:	23
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.16.055 - Cogeneration facilities and renewable resources

Description

Businesses may take a deduction from gross operating income subject to public utility tax for the cost of producing electricity from cogeneration and electricity or gas produced from renewable energy resources. Businesses may also deduct amounts expended to improve energy efficiency or the use of electricity or gas by consumers. The deduction applies only to new facilities constructed between June 12, 1980, and January 1, 1990. The deduction related to cogeneration is limited to 30 years after the project's initial operation.

Purpose

To encourage energy conservation and the use of renewable energy.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fewer than three taxpayers benefit from this credit, so the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1980
Primary Beneficiaries:	Light and power businesses
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.16.130 - Renewable energy system cost recovery

Description

A light and power business may take a credit against public utility tax for amounts paid to customers as investment cost recovery incentives for renewable energy systems. The credit for a fiscal year may not exceed one-half percent of the business's taxable power sales or $100,000, whichever is greater. Incentive payments to participants in community solar projects may only account for up to thirty percent of the total allowable credit (25 percent for utility-owned projects and 5 percent for company-owned projects). The right to earn tax credits expires June 30, 2020. Credits may not be claimed after June 30, 2021.

Purpose

To encourage investment in renewable energy resources.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.626	$13.663	$23.338	$28.650
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$12.524	$23.338	$28.650
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Using Washington Department of Commerce forecasts for solar system installations with current production incentives and incentives proposed by this legislation.
- In past years, utilization of the PUT credit in RCW 82.16.130 has been below what was expected. In recent years utilization of the credit has been increasing. Currently, the utilization rate is at 73 percent. It is assumed the current utilization rate will hold in future years.
- The average cost recovery incentive rate is assumed to be $0.55 for the current program.
- The average size of a solar installation is assumed to be 6 kW.
- The average production rate is assumed to 1,100 kWh per kW of installed capacity.
- The estimate does not reflect the effect, if any, of per-utility caps on tax credits.
- Washington Department of Commerce forecast for solar system installations by system type and size. The mix of system type and size is projected by comparing the financial payback given the specific incentive rates.
- Small wind power installation will continue at the same level as past ten years.

Continued

82.16.130 - Renewable energy system cost recovery

Data Sources

- Department's renewable energy certifications
- Department's combined excise tax returns
- Washington Department of Commerce forecast for solar system installations

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Light and power companies that make payments to customers via this program
Taxpayer Count:	45
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.16.300 - Hauling farm products for relatives

Description

Income associated with hauling agricultural products in situations in which the hauler is related to the farmer who produced the crop or animal is exempt from public utility tax.

The exemption currently expires on December 31, 2020.

Purpose

To provide tax relief for persons who haul farm products for their relatives.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The situations where this exemption would be applicable is believed to be quite rare.
- While the impact cannot be quantified, it is likely minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2007
Primary Beneficiaries:	Persons who haul farm products for their relatives
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.16.305 - Joint municipal utility authority

Description

Payments between or transfer of assets to or from a joint municipal utility service authority and its members are exempt from public utility taxes.

Purpose

To improve the ability of local governments to provide utility services to the public by reducing the cost of such services. However, the intent is not to expand the types of services provided by local governments or their utilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This data is confidential because there are fewer than three taxpayers reporting this exemption.

Data Sources

- Department of Revenue data sources
- The Washington State Attorney General's Office
- The Washington State Secretary of State's Office

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Less than three existing governmental water consortiums
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	Unable to find on JLARC review schedule

82.32.045(4) - Minimum to file PUT return

Description

Businesses whose gross income is less than $24,000 annually are not required to file excise tax returns. The provision does not apply to businesses that collect and remit retail sales tax or any other tax or fee which the Department is authorized to collect.

Purpose

To reduce administrative costs for taxpayers and the Department of Revenue

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenue. In its absence, taxpayers would have to file returns but still would have no PUT tax liability because the PUT tax does not apply to a business whose total gross income is less than $2,000 per month under RCW 82.16.040.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The tax savings of this tax preference are included under the impacts of the minimum income threshold - $2,000 per month exemption, RCW 82.16.040.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	The beneficiaries are small public service and utility firms
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Unable to find on JLARC review schedule

82.70.020 - Commute trip reduction credit

Description

Employers who provide financial incentives for their own or other employees to participate in commute trip reduction programs may take a credit against B&O or public utility tax. The credit for an employer is:

- equal to one-half of the employer's expenditure,
- limited to $60 per employee per year, and
- limited to $100,000 each year.

The program has an annual cap of $2.75 million for both B&O and public utility tax credits, and currently expires January 1, 2024. No person may claim tax credits after June 30, 2024.

Purpose

To provide an incentive for employers to give financial incentives to employees to encourage car-pooling and other means of reducing air pollution, traffic congestion, and fuel consumption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.093	$0.093	$0.093	$0.093
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.086	$0.093	$0.093
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The maximum combined program amount allowed per year will be reached.
- This estimate is for the public utility tax portion only.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Continued

82.70.020 - Commute trip reduction credit

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2003
Primary Beneficiaries:	Employers providing alternate commuting options to employees
Taxpayer Count:	25
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

82.73.030 - Commercial area revitalization contributions

Description

Subject to limitations, approved contributions made to a program or the main street trust fund are eligible for a partial B&O tax credit or public utility tax credit.

The credit is either:

- 75 percent of the approved contributions made to a program, or
- 50 percent of the approved contributions to the main street trust fund.

The total amount of these credits statewide cannot exceed $1.5 million per calendar year. Credits are not available for contributions to a program in a municipality with a population of 190,000 or more.

Purpose

Encourages the revitalization of downtown or neighborhood commercial areas.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.200	$0.200	$0.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.180	$0.200	$0.200
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Use of the program has grown in the last couple years, and as the economy continues to improve, investment in local projects are expected to increase.
- In Fiscal Year 2013, 310 businesses claimed about $1.1 million in B&O tax credits and 6 businesses claimed about $156,000 in PUT credits compared to total credits of $675,000 in previous years.
- The $1.5 million cap per year has not been reached, but is assumed to do so by Fiscal Year 2018.
- Claims for the program have doubled in the last two years.
- Annual growth in total credit amounts of 4 percent per year until credit cap is reached.
- An effective date of July 1, 2016 which results in 11 months of cash collections for Fiscal Year 2017.
- This estimate reflects the PUT credits.

Continued

82.73.030 - Commercial area revitalization contributions

Data Sources

Department of Revenue credit data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2005
Primary Beneficiaries:	Businesses that choose to participate commercial area revitalization
Taxpayer Count:	6
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

Real Estate Excise Tax

82.45.010(3a) - Gift, devise, or inheritance

Description

Transfers of real property by gift, inheritance or device (a will) are not subject to state or local real estate excise tax (REET).

Purpose

Gifted, inherited, or willed transfers of real property are not sales. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$68.135	$72.149	$74.871	$77.700
Local Taxes	$21.913	$23.204	$24.080	$24.989

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$66.136	$74.871	$77.700
Local Taxes	$0.000	$20.412	$23.108	$23.981

Assumptions

- Thirty two counties provide the Department with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons acquiring real estate through a gift, devise, or inheritance
Taxpayer Count:	16,290
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3b) - Death deeds

Description

Transfers of real property through a transfer on death deed are not subject to state or local real estate excise tax (REET).

Purpose

Provides another mechanism for tax-free transfers of real property to a beneficiary upon death by excluding transfer by transfer on death deed from the definition of sales.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.111	$0.118	$0.122	$0.127
Local Taxes	$0.036	$0.039	$0.040	$0.041

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.108	$0.122	$0.127
Local Taxes	$0.000	$0.034	$0.038	$0.039

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons acquiring real estate through a death deed
Taxpayer Count:	26
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3c) - Certain leasehold interests

Description

Leasing, subleasing, or renting real property is not subject to state or local real estate excise tax (REET).

Purpose

Leasing or renting real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.656	$1.754	$1.820	$1.889
Local Taxes	$0.534	$0.565	$0.586	$0.608

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.608	$1.820	$1.889
Local Taxes	$0.000	$0.497	$0.562	$0.583

Assumptions

- Thirty two counties provide the Department with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons clearing title on real estate with a recorded long-term leasehold interest
Taxpayer Count:	515
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3d) - Forfeiture of interest in sale of real property

Description

Transfers of real property because of debt proceedings such as a foreclosure are not subject to state or local real estate excise tax (REET).

Purpose

Transferring debt on real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.332	$0.352	$0.365	$0.379
Local Taxes	$0.107	$0.114	$0.118	$0.122

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.322	$0.365	$0.379
Local Taxes	$0.000	$0.100	$0.113	$0.117

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons recording a forfeiture of interest in sale of real property
Taxpayer Count:	480
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3e) - Partition by tenants in common

Description

Transferring parts of real property between multiple owners of the same property is not subject to state or local real estate excise tax (REET).

Purpose

Transfers between owners of the same property are not sales. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.167	$2.295	$2.381	$2.471
Local Taxes	$0.697	$0.738	$0.766	$0.795

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.104	$2.381	$2.471
Local Taxes	$0.000	$0.649	$0.735	$0.763

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons recording a partition or real estate held by tenants in common
Taxpayer Count:	480
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3f) - Assignment of property through divorce, property settlement

Description

Transfers of real property to a spouse or domestic partner because of divorce or property settlement proceedings are not subject to state or local real estate excise tax (REET).

Purpose

Transferring real property because of divorce is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$73.170	$77.481	$80.404	$83.443
Local Taxes	$23.552	$24.939	$25.880	$26.858

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$71.024	$80.404	$83.443
Local Taxes	$0.000	$21.926	$24.821	$25.759

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Continued

82.45.010(3f) - Assignment of property through divorce, property settlement

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons recording an assignment of property through divorce, property settlement
Taxpayer Count:	18,259
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3h) - Condemnation proceedings

Description

Transferring the mortgage interest in a real property to a new mortgage vendor is not subject to state or local real estate excise tax (REET).

Purpose

Transferring the mortgage of a real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.502	$0.531	$0.552	$0.572
Local Taxes	$0.162	$0.171	$0.177	$0.183

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.487	$0.552	$0.572
Local Taxes	$0.000	$0.150	$0.170	$0.176

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording an assignment/transfer of vendor's interest in contract
Taxpayer Count:	71
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3h) - Condemnation proceedings

Description

Transfers of real property because of a forced sale by a governmental body are not subject to state or local real estate excise tax (REET).

Purpose

Transferring real property through "eminent domain" is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$10.354	$10.964	$11.378	$11.808
Local Taxes	$3.332	$3.528	$3.661	$3.800

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.050	$11.378	$11.808
Local Taxes	$0.000	$3.103	$3.513	$3.646

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording an assignment because of a condemnation proceeding
Taxpayer Count:	635
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3i) - Transfer of interest to secure debt

Description

Transfers of the interest in real property by acquiring a second mortgage or the sale of a mortgage is not subject to state or local real estate excise tax (REET).

Purpose

Transferring the interest in real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.285	$0.302	$0.314	$0.325
Local Taxes	$0.091	$0.096	$0.099	$0.103

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.277	$0.314	$0.325
Local Taxes	$0.000	$0.085	$0.097	$0.101

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a transfer of interest to secure debt
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3j) - Foreclosure; deeds in lieu of foreclosure

Description

Transfers of real property because of a foreclosure are not subject to state or local real estate excise tax (REET).

Purpose

Transferring real property through foreclosure is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$52.135	$55.207	$57.290	$59.455
Local Taxes	$16.772	$17.760	$18.430	$19.126

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$50.606	$57.290	$59.455
Local Taxes	$0.000	$15.622	$17.685	$18.353

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1953
Primary Beneficiaries:	Persons recording a transfer for foreclosure and deeds in lieu of foreclosure
Taxpayer Count:	4,722
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3k) - Mortgage insurers

Description

Transfers of real property from a mortgage lender to the Veterans Administration or Federal Housing Authority are not subject to state or local real estate excise tax (REET).

Purpose

Transferring the interest in a property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.652	$4.926	$5.112	$5.305
Local Taxes	$1.496	$1.585	$1.644	$1.707

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.515	$5.112	$5.305
Local Taxes	$0.000	$1.394	$1.578	$1.638

Assumptions

- Thirty two counties provide the Department of Revenue (Department) with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1953
Primary Beneficiaries:	Persons recording a transfer for a mortgage insurer
Taxpayer Count:	258
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3l) - Transfer where REET already paid or lease/contract began prior to 1951

Description

Transfers of real property for which real estate excise tax (REET) has already been paid or through a lease that began prior to 1951 are not subject to state or local REET.

Purpose

Transferring real property as a 99 year lease is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.007	$0.007	$0.008	$0.008
Local Taxes	$0.002	$0.002	$0.002	$0.002

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.007	$0.008	$0.008
Local Taxes	$0.000	$0.002	$0.002	$0.002

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- July 1, 2016 effective date, with 11 months of collections if Fiscal Year 2017.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Continued

82.45.010(3l) - Transfer where REET already paid or lease/contract began prior to 1951

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a transfer where REET was already paid or lease/contract began prior to 1951
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3m) - Grave or cemetery lot sale

Description

Transferring real property by selling a cemetery lot is not subject to state or local real estate excise tax (REET).

Purpose

Transferring real property as a cemetery lot is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price. It would be difficult to decide on a market price for such a small portion of real property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.113	$0.118	$0.123	$0.128
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.108	$0.123	$0.128
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate mirrors the growth in cemetery revenues as reflected in the United States Census Bureau's five year economic census
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Department of Licensing Cemetery Endowment Care Annual Report
- United States Census Bureau Economic Census

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a transfer for grave or cemetery lot sales
Taxpayer Count:	112
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3n) - Governmental transfers

Description

Real property sold by the federal, state, or local government is not subject to state or local real estate excise tax (REET).

Purpose

Governments are exempt from most taxes because this just transfers funds between jurisdictions. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$38.382	$40.644	$42.177	$43.771
Local Taxes	$12.312	$12.997	$13.448	$13.919

Repeal of exemption

Repealing this exemption would increase revenues; however the federal government is constitutionally exempt from almost all state taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$37.257	$42.177	$43.771
Local Taxes	$0.000	$11.501	$13.020	$13.512

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a governmental transfer
Taxpayer Count:	1,234
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3o) - Sales to regional transit authorities

Description

Transfers of real property to a regional transit authority through a sale and leaseback arrangement are not subject to state or local real estate excise tax (REET). Regional transit authorities may sell facilities and then lease them back from the investor.

Purpose

Transferring real property for the purpose of leasing it back is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This exemption has not been utilized and it is not expected to be utilized in the future.

Data Sources

Department Real Estate Excise Tax Administration System

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale to a regional transit authority
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2015

82.45.010(3p) - No change in beneficial owner

Description

Transfers of real property that are a mere change in form of ownership are exempt from the state and local real estate excise tax (REET). Such transfers include transfers to business entity that is wholly owned by the person making the transfer and his or her family members, provided there is no change in beneficial ownership as a result of the transfer.

Purpose

To allow the tax-free transfer of property to a business entity in circumstances where the transferor or transferors are closely related and receive ownership interests in the entity in the same proportion as their ownership in the real property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$116.774	$123.653	$128.319	$133.168
Local Taxes	$37.521	$39.732	$41.231	$42.789

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$113.349	$128.319	$133.168
Local Taxes	$0.000	$34.976	$39.596	$41.092

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Continued

82.45.010(3p) - No change in beneficial owner

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale with no change in beneficial owner
Taxpayer Count:	13,367
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2020

82.45.010(3q) - IRS transfers

Description

Transferring real property to form, liquidate, or reorganize a corporation or partnership is not subject to state or local real estate excise tax (REET). This only applies to real property transfers that qualify as a non-recognition of gain or loss transaction under the Internal Revenue Code.

Purpose

Transferring real property to form, liquidate, or reorganize a corporation or partnership is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.053	$16.998	$17.640	$18.306
Local Taxes	$5.101	$5.402	$5.605	$5.817

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$15.582	$17.640	$18.306
Local Taxes	$0.000	$4.795	$5.428	$5.633

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Growth rate mirrors the Real Estate Excise tax rate reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale because of IRS transfers
Taxpayer Count:	529
Program Inconsistency:	None evident
JLARC Review:	Unable to find on JLARC review schedule

82.45.010(3r) - Manufactured home communities

Description

A qualified sale of a manufactured or mobile home community that takes place before December 31, 2018, is not subject to state or local real estate excise tax (REET).

Purpose

Encourage and facilitate the preservation of existing manufactured home communities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Thirty two counties provide the Department with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Department Real Estate Excise Tax Administration System
- Economic and Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale involving a manufactured home community
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.45.030(3) - Exclusion, liens/relocation assistance

Description

For real estate excise tax (REET) purposes, "total consideration paid" does not include any outstanding lien or encumbrances in favor of a governmental body or any relocation assistance provided during a foreclosure.

Purpose

REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price. Governmental liens and relocation assistance are not part of the market price of a property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Thirty two counties provide the Department of Revenue with transactions that are exempt from REET through an electronic system. For the seven counties that do not report REET data it is assumed that the portion of transactions exempt from REET are similar to the urban or rural counties that do report data.
- Based on Department data, no taxpayers have taken this exemption.
- No taxpayers will use this exemption in the next four years.

Data Sources

Department Real Estate Excise Tax Administration System

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons
Taxpayer Count:	0
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed an expedited review in 2013

82.45.190 - 2nd Narrows bridge

Description

A real estate excise tax exemption is provided for the transfer of state route 16 corridor transportation facilities which were constructed under Chapter 47.46 RCW. This addresses the construction of the 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.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. There are no private property transfers anticipated on the 2nd Narrows Bridge project.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This exemption has no tax impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	Not applicable
JLARC Review:	JLARC completed an expedited review in 2014

82.45.195 - Standing timber

Description

Sales of timber harvested within 30 months of a severance contract are exempt from the state or local real estate excise tax (REET).

Purpose

Providing tax relief to the wood products industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.256	$0.280	$0.291	$0.300
Local Taxes	$0.123	$0.134	$0.139	$0.144

Repeal of exemption

Repealing this exemption would subject the property to REET but not to B&O Tax.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.256	$0.291	$0.300
Local Taxes	$0.000	$0.123	$0.139	$0.144

Assumptions

- Growth rate mirrors the REET growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal year 2017 due to July 1, 2016 effective date.
- Taxpayers will save an estimated $380 thousand in state REET but pay an additional $101 thousand in business and occupation taxes in Fiscal Year 2017.

Data Sources

- County Real Estate excise tax data
- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Those harvesting timber
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016


Aerial view of the State Route 520 Bridge being built next to existing bridge.

http://www.wsdot.wa.gov/Projects/SR520Bridge/About/BridgeFacts.htm

Retail Sales and Use Tax

36.100.090 - Baseball stadium deferral

Description

Provides a sales and use tax deferral on the original construction of a public baseball stadium that:

- is owned and operated by a public facilities district,
- has a retractable roof, and
- has natural turf.

Purpose

To encourage construction of a stadium for professional baseball in King County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The public facilities district has repaid the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The construction of Safeco Field was completed in January 2000, and the repayments of deferred sales and use taxes were completed in 2014.
- No other public facilities district will use this deferral.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Public facilities districts
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

36.102.070 - Football stadium deferral

Description

Public stadium authorities are eligible to defer retail sales and use taxes on the construction of:

- professional football and soccer stadiums, and
- adjacent exhibition centers.

Deferred sales tax is repayable over a ten year period, starting five years after the stadium becomes operational. Qwest Field and its exhibition center, which qualified for the deferral, were complete in 2002. Repayment began in 2007.

Purpose

Encourage the construction of a professional football and soccer stadium and adjacent exhibition center in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	$0.000	$0.000
Local Taxes	D	D	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The public stadium authority is repaying the deferred taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This estimate contains confidential taxpayer information and is not disclosable.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Public Stadium Authorities
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

47.01.412 - Highway 520 bridge replacement

Description

Businesses involved in the 520 bridge replacement project may apply for a deferral of state and local sales and use taxes on project costs for:

- site preparation,
- construction, and
- purchased or rented machinery and equipment.

Repayment of the deferred taxes begins the fifth year after the project is complete, and continues for the following nine years.

Purpose

Encouraged replacement of the 520 bridge.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	$0.000	$0.000	$0.000
Local Taxes	D	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Currently deferred taxes are due beginning the fifth year after the repeal, and continuing for the next nine years.
- The project will be complete in 2016.
- Currently, repayments of deferred taxes begin in 2021.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

47.46.060 - 2nd Narrows bridge

Description

A deferral of state and local retail sales tax for the tax due on construction of the second bridge over Puget Sound at the Tacoma Narrows. The deferral includes related road improvements and the rental of equipment used during construction. Ten percent of the deferred tax must be repaid annually beginning on December 31, 2031.

Purpose

Lowering the initial overall cost of the project and to mitigate the amount of tolls necessary to fund repayment of the bonds financing construction costs of the project.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not result in increased revenues. Repealing a deferral only increases revenues for any taxes not yet deferred at the time of the repeal. This project is completed.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Repealing the deferral does not impact taxes already deferred under the existing law.
- The deferral will begin being paid back in Fiscal Year 2032 (starting December 31, 2031) in ten equal installments.

Data Sources

Department of Revenue Special Programs Data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1998
Primary Beneficiaries:	Washington State Department of Transportation
Taxpayer Count:	1
Program Inconsistency:	none
JLARC Review:	JLARC completed an expedited review in 2014

82.04.050 - Personal and professional services

Description

The retail sales tax originally applied only to the sale of tangible personal property and thus, by definition, excluded services from the tax base. Since 1935, some services were added to the tax base, including:

- services to tangible personal property (e.g., repair services) in 1939;
- construction in 1941;
- rental of tangible personal property in 1959;
- certain amusement and recreation activities in 1961; and
- landscape maintenance, physical fitness and certain miscellaneous personal services in 1993.

Although, technically, the remaining personal and professional services are not "exempt" because they were never in the tax base, there has been some interest in the amount of revenue represented by these activities, and therefore they are included in this report.

Purpose

The primary reasons that services were excluded from retail sales tax may have included:

(1) to maintain simplicity by taxing only one class of property, i.e. tangible goods;
(2) to conform to the practice of other states at the time;
(3) to minimize tax administration costs by not requiring service providers to collect the tax; and
(4) recognition that services did not represent a very large share of the state economy in the 1930s.

Continued

82.04.050 - Personal and professional services

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2,203.685	$2,323.874	$2,437.509	$2,542.739
Local Taxes	$1,088.444	$1,147.808	$1,203.935	$1,255.910

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1,943.095	$2,299.025	$2,399.134
Local Taxes	$0.000	$911.869	$1,062.884	$1,108.770

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Compliance:
  - 7.5 percent of taxable would not be collected in Fiscal Year 2017,
  - 5 percent of taxable would not be collected in Fiscal Year 2018, and
  - 1.7 percent of taxable would not be collected in Fiscal Year 2019 and thereafter.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Individuals and businesses that purchase personal and professional services
Taxpayer Count:	86,689
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.04.050(10) - Labor and services used to construct and repair public roads

Description

The definition of retail sales excludes charges for labor and services performed on public roads and transportation facilities owned by:

- Local jurisdictions, or
- The federal government.

A contractor for the federal government or a local jurisdiction must pay retail sales and use tax on materials incorporated into the project. The exclusion does not extend to roads owned by the state. Sales and use tax is due on 100 percent of road construction that occurs on state roads.

Purpose

The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The impact of the sales and use tax on materials is indirectly passed on to the federal government. The exemption for labor and services for local road construction helps reduce the cost for local jurisdictions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$124.035	$126.144	$127.531	$128.297
Local Taxes	$47.126	$47.927	$48.454	$48.745

Repeal of exemption

Repealing this exemption would increase revenues. Most of the impact is from local government, which would be taxed on the total contract amount. However, the federal government would not be taxed. Keep in mind that the federal government no longer owns any roads.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$115.632	$127.531	$128.296
Local Taxes	$0.000	$43.933	$48.454	$48.745

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Department of Transportation

Continued

82.04.050(10) - Labor and services used to construct and repair public roads

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1943
Primary Beneficiaries:	The United States government and Washington cities and counties
Taxpayer Count:	604
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.04.050(11) - Feed and seed

Description

The definition of retail sales excludes sales of feed and seed used in the commercial production of any agricultural commodity. The same statute exempts feed and seed sold to landowners that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State Department of Fish and Wildlife.

Purpose

To support the agricultural industry. Also, feed and seed are similar to component parts (and therefore are purchased for resale), because they are absorbed into or become an integral part of an agricultural product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$100.480	$103.500	$106.599	$109.797
Local Taxes	$26.964	$27.773	$28.606	$29.465

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$94.869	$106.599	$109.797
Local Taxes	$0.000	$23.144	$28.606	$29.465

Assumptions

- 3% Growth.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

Census of Agriculture, 2012

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1935
Primary Beneficiaries:	Farmers and the vendors who supply feed and seed to farmers
Taxpayer Count:	Over 20,000 farms
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.04.050(11) - Fertilizer and chemical sprays

Description

The definition of retail sales excludes sales of chemical sprays and washes for the post-harvest treatment of fruit, sales of fertilizer and spray materials when used in the commercial production of any agricultural commodity. The same statute exempts fertilizer and spray sold to landowners that participate in specified federal conservation and habitat protection programs or a cooperative habitat agreement with the Washington State Department of Fish and Wildlife.

Purpose

To support the agricultural industry. Also fertilizer is similar to a component part (and therefore purchased for resale), because it is absorbed into or becomes an integral part of an agricultural product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$80.371	$84.390	$88.610	$93.040
Local Taxes	$21.570	$22.650	$23.780	$24.970

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$77.357	$88.609	$93.040
Local Taxes	$0.000	$18.872	$23.780	$24.970

Assumptions

- 5% growth in cost of sprays and fertilizers.
- Local rural tax rate = 1.7443.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Continued

82.04.050(11) - Fertilizer and chemical sprays

Data Sources

2012 United States Department of Agriculture Ag Census data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1943
Primary Beneficiaries:	Agricultural producers
Taxpayer Count:	0
Program Inconsistency:	The sales tax exemption helps to encourage the use of fertilizers and chemical sprays in agriculture. However, Chapter 70.95C RCW implements a program directed toward reduction of hazardous substances, which can include agricultural fertilizers and pesticides that have adverse environmental impacts
JLARC Review:	JLARC completed a full review in 2010

82.04.050(11) - Pollination agents

Description

The definition of "retail sale" excludes sales of agents for enhanced pollination including insects such as bees to (1) persons or farmers participating in certain habitat development/conservation programs, or (2) farmers for the purpose of producing any agricultural product for sale.

Purpose

To aid certain sectors of the agricultural industry reliant on pollination agents to produce agricultural products (such as the alfalfa industry) and make those agricultural sectors more competitive with competitors in other countries.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.018	$0.018	$0.018	$0.018
Local Taxes	$0.005	$0.005	$0.005	$0.005

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.016	$0.018	$0.018
Local Taxes	$0.000	$0.004	$0.005	$0.005

Assumptions

- Pollination is mainly performed by leaf cutter bees.
- Most farmers rent hives.
- Rental hives are not subject to sales tax so this exemption covers bees purchased for pollination.
- Most bees are purchased online or from other beekeepers.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Washington State Department of Agriculture crop data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1993
Primary Beneficiaries:	Farmers that purchase leaf-cutter bees for pollination purposes
Taxpayer Count:	1,000
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.04.050(12) - Labor and services used to construct and repair federal government structures

Description

Charges made for labor and services in connection with building, repairing or improving new or existing structures for the federal government or a local housing authority is not subject to retail sales and use tax. Also excluded are charges for moving earth and clearing land for these jurisdictions. The contractor must pay retail sales and use tax on materials incorporated into these projects.

Purpose

The state cannot directly tax the federal government, but it can tax contractors who do work for the federal government on the value of the materials they incorporate into the project. The federal government indirectly pays the sales and use tax through increased costs from contractors. The exemption for labor and services for local housing authorities helps reduce the cost for local jurisdictions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$79.701	$79.701	$79.701	$79.701
Local Taxes	$30.282	$30.282	$30.282	$30.282

Repeal of exemption

Repealing this exemption would not increase revenues. Most of the impact represents federal construction which would not be taxed.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Due to fluctuations in historical data assume zero growth.

Data Sources

- Washington State Department of Transportation
- FedSpending.org

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1975
Primary Beneficiaries:	The U.S. government and municipal housing authorities
Taxpayer Count:	151
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.050(13) - RTA maintenance service agreements

Description

Tangible personal property, labor, or services provided by a transit agency to a regional transportation authority (RTA) pursuant to a maintenance contract are exempt from retail sales and use taxes. This applies to items installed in bus or rail transportation equipment.

Purpose

To facilitate regional transportation and clarify the application of sales tax to the RTA.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.666	$0.680	$0.694	$0.709
Local Taxes	$0.283	$0.289	$0.295	$0.302

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.623	$0.694	$0.709
Local Taxes	$0.000	$0.265	$0.295	$0.302

Assumptions

- All data used in this estimate is publically available.
- 11 months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Growth rate of 2% annually.

Data Sources

Sound Transit financial documents, http://www.soundtransit.org/About-Sound-Transit/Accountability/Financial-documents

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2005
Primary Beneficiaries:	Regional Transit Authority
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.050(1a)(iv); 82.04.190(1d) - Ferrosilicon

Description

The definition of retail sale excludes property used in the production of ferrosilicon which is then used to produce magnesium. These sales are classified as wholesale transactions. The exempt items must be used primarily to create a chemical reaction with an ingredient of ferrosilicon.

Purpose

To encourage magnesium production businesses to locate in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No businesses currently use this exemption and none are expected to use it in the future.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1986
Primary Beneficiaries:	Businesses using ferrosilicon
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.04.050(1a)(v) - Competitive telephone service

Description

Purchases of property provided to consumers as part of a competitive telephone service are exempt from retail sales and use tax.

Purpose

Avoids taxing the same product twice.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$23.878	$24.355	$24.842	$25.339
Local Taxes	$9.072	$9.253	$9.438	$9.627

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$22.325	$24.842	$25.339
Local Taxes	$0.000	$7.711	$9.438	$9.627

Assumptions

- Purchases of telecom equipment to provide to telephone service consumers will grow by 2 percent per year.
- The retail sales tax exemption would apply to telecom companies purchasing equipment for resale to consumers. Such items include cell phones, routers and modems. These types of items are taxable under wholesaling B&O.
- One quarter of telecom expenditures are for resale.

Data Sources

- Department of Revenue excise tax data
- Washington IMPLAN data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1981
Primary Beneficiaries:	Providers of telecommunication services
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.04.050(1a)(vi) - Extended warranties

Description

Purchases made to honor an extended warranty do not meet the criteria of a retail sale and are exempt from retailing B&O tax and state and local retail sales tax. Instead, these purchases are subject to wholesale B&O tax.

Purpose

Ensures buyers do not pay sales tax on replacement items or parts covered by an extended warranty.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$79.211	$83.667	$87.839	$91.648
Local Taxes	$30.068	$31.737	$33.295	$34.731

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$76.695	$87.839	$91.648
Local Taxes	$0.000	$29.092	$33.295	$34.731

Assumptions

- An effective date of July 1, 2016 results in 11 months of cash collections for Fiscal Year 2017.
- Growth mirrors growth of B&O retailing, B&O wholesaling, and state sales taxes as reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- The local sales tax rate is 2.47 percent.

Data Sources

- 2012 warranty data, Warranty Week
- Employment Security Department data
- Bureau of Labor Statistics data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Purchasers of extended warranties
Taxpayer Count:	25,000
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.04.050(2a) - Laundry services for nonprofit health care facilities

Description

Charges for laundry service for nonprofit health care facilities are exempt from retail sales tax. As a result, laundry businesses that provide services for nonprofit health care facilities are subject to B&O tax under the service classification.

Purpose

Indirectly reduces the cost of health care.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.734	$1.734	$1.734	$1.734
Local Taxes	$0.783	$0.783	$0.783	$0.783

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.589	$1.734	$1.734
Local Taxes	$0.000	$0.717	$0.783	$0.783

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Lower B&O tax rate included in estimate.
- Assume zero growth.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1973
Primary Beneficiaries:	Nonprofit health care facilities
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.04.050(2a) - Self-service laundry facilities

Description

The definition of retail sales excludes charges for the use of self-service laundry facilities. Businesses providing laundry machines on an individual use basis do not collect sales tax, but are subject to the B&O tax under the service classification.

Purpose

Equalizes the tax treatment of coin-operated laundry facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.497	$1.566	$1.637	$1.712
Local Taxes	$0.676	$0.707	$0.739	$0.773

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.436	$1.637	$1.712
Local Taxes	$0.000	$0.648	$0.739	$0.773

Assumptions

- Growth rate reflects the average growth rate for Self-Service Laundry Facilities (NAICS 812310) reporting their B&O tax.
- Change to taxpayer reporting from B&O to Retailing causes a difference in taxpayer savings and the revenues realized.
- Eleven months of collections in Fiscal Year 2017 due to June 30, 2017 expiration date.

Data Sources

- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1998
Primary Beneficiaries:	Self-Service laundry facilities
Taxpayer Count:	220
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.050(2d) - Janitorial services

Description

Retail sales tax does not apply on sales of janitorial services. The statute specifically excludes janitorial services from the definition of a retail sale, which makes them a non-retail service. Thus, a business providing janitorial services is subject to the Service and Other B&O tax classification of 1.5 percent. The customer is not subject to retail sales tax.

Janitorial services are defined as cleaning and caretaking of buildings and structures. This includes washing windows and walls, cleaning and waxing floors, and cleaning rugs, drapes and upholstery in the building.

Purpose

To recognize that cleaning of buildings does not meet the current definition of retail sale, since the activity is oriented toward merely preserving structures in their current condition, rather than actually changing the structure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$22.887	$21.625	$22.735	$23.716
Local Taxes	$11.305	$10.681	$11.229	$11.714

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$20.511	$22.735	$23.716
Local Taxes	$0.000	$9.791	$11.229	$11.714

Assumptions

Compliance:

- 7.5 percent of taxable would not be collected in Fiscal Year 2017,
- 5 percent of taxable would not be collected in Fiscal Year 2018, and
- 1.7 percent of taxable would not be collected in Fiscal Year 2019 and thereafter.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Continued

82.04.050(2d) - Janitorial services

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1935
Primary Beneficiaries:	Janitorial service firms and their customers
Taxpayer Count:	4300 taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.04.050(3e) - Tree trimming under power lines

Description

The definition of retail sales excludes charges for pruning, trimming, repairing, removing, and clearing of trees and brush near electric transmission or distribution lines or equipment. To qualify, the work performed must be by or under the direction of an electric utility.

Purpose

To clarify the tax liability of these activities in light of the extension of sales tax to landscaping services in 1993 in that these services are not akin to landscaping but are done out of necessity to keep power lines clear of interference from trees and brush.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.574	$4.710	$4.853	$4.998
Local Taxes	$2.065	$2.127	$2.190	$2.256

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.318	$4.853	$4.998
Local Taxes	$0.000	$1.772	$2.190	$2.256

Assumptions

These activities are subject to the business and occupation tax under the service classification.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1995
Primary Beneficiaries:	Firms that prune trees and brush under electric power transmission lines and the power companies that contract for their services.
Taxpayer Count:	1,000
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.04.050(3e) - Horticultural services for farmers

Description

The definition of retail sales excludes charges for horticultural services to farmers. Sales tax is not collected on services related to the cultivation of vegetables, fruits, grains, field crops, ornamental horticulture, nursery products, as well as soil preparation, crop cultivation and harvesting services.

Purpose

To support the farmers and the agricultural industry, and clarify the tax liability of these activities in light of the extension of sales tax to landscaping services in 1993.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$8.303	$8.303	$8.303	$8.303
Local Taxes	$2.228	$2.228	$2.228	$2.228

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.611	$8.303	$8.303
Local Taxes	$0.000	$2.042	$2.228	$2.228

Assumptions

- 70 percent of United States Department of Agriculture 2012 Census of Agricultural data for Washington agricultural custom work includes horticultural services performed for farmers.
- No growth due to fluctuating data for horticultural services for farmers.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- United States Department of Agriculture 2012 Census Data
- 2015 Joint Legislative Review and Audit

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1993
Primary Beneficiaries:	Farmers who receive horticultural services
Taxpayer Count:	5,900
Program Inconsistency:	None Evident
JLARC Review:	JLARC completed a full review in 2015

82.04.050(6) - Custom computer software

Description

The definition of a retail sale excludes charges for customized computer software. Instead, persons who produce customized software are subject to the B&O tax under the service classification.

Purpose

To reflect the fact that the production of customized software is considered a service.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$43.177	$48.971	$54.111	$56.432
Local Taxes	$31.572	$36.040	$38.842	$40.508

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$44.890	$54.111	$56.432
Local Taxes	$0.000	$33.037	$38.842	$40.508

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue Services Model and other Department data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1998
Primary Beneficiaries:	Buyers of custom and customized canned software
Taxpayer Count:	2,300
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.04.062 - Precious metals and bullion

Description

Sales of precious metals and monetized bullion are exempt from retail sales tax.

Purpose

To provide tax relief to coin and bullion dealers who experience competition from dealers in other states that do not levy retail sales tax on such transactions, and to recognize the increasing frequency of these transactions over the Internet.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.311	$9.821	$10.307	$10.752
Local Taxes	$3.553	$3.747	$3.933	$4.102

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$9.002	$10.307	$10.752
Local Taxes	$0.000	$3.435	$3.933	$4.102

Assumptions

- All taxpayers using this exemption are properly reporting this as a deduction on their excise tax returns and not just excluding from gross income.
- Current price of gold is around $1,150 per ounce.
- Growth rates used in this estimate are the same as for all retail sales because the price of precious metals is extremely volatile and no source reliably predicts the price six years into the future.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Sellers and purchases of precious metals and bullion
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.04.213 - Christmas tree production

Description

Items purchased for the production of plantation Christmas trees are exempt from retail sales and use tax because plantation Christmas trees are included in the definition of agricultural products. The definition of retail sale in RCW 82.04.050(11)(b) excludes agricultural products.

Purpose

To recognize that production of plantation Christmas trees is similar to the production of other agricultural products.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.748	$0.748	$0.748	$0.748
Local Taxes	$0.284	$0.284	$0.284	$0.284

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.684	$0.748	$0.748
Local Taxes	$0.000	$0.237	$0.284	$0.284

Assumptions

- Christmas trees costs $5 in taxable expenditures from planting to harvest.
- Christmas tree production/harvest seems to be pretty consistent from year to year - assume no growth
- Approximately 2.3 million Christmas trees are harvested annually in Washington for the last 6 years.

Data Sources

- Pacific Northwest Christmas Tree Association, statistics
- http://arec.oregonstate.edu/oaeb/files/pdf/AEB0001.pdf

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1987
Primary Beneficiaries:	Growers of plantation Christmas trees
Taxpayer Count:	480
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08 - Invest in Washington pilot program

Description

The Invest in Washington pilot program creates a sales and use tax deferral for five investment projects. The deferral applies to sales and use taxes on up to $10 million in costs for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment. Two projects must be in eastern Washington. Projects approved for a rural deferral (RCW 82.60) cannot receive this deferral; and projects cannot receive multiple pilot program deferrals.

Purpose

To evaluate the effectiveness of a program that invests business taxes on new capital investments into workforce training programs that support manufacturing businesses.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.250	$0.000	$0.000	$0.000
Local Taxes	$1.090	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal. This estimate assumes deferred taxes are due beginning the fifth year after the project has been declared operationally complete, and continuing for the next nine years. Currently, anticipated repayments of deferred taxes begin in Fiscal Year 2022.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Each project's construction costs meet or exceed the $10 million per project cap.
- Three projects occur in western Washington and two occur in eastern Washington.
    - Western Washington projects assume the statewide average local tax rate for Fiscal Year 2014 of 2.4696 percent.
    - Eastern Washington projects assume the statewide average rural local tax rate for Fiscal Year 2014 of 1.7443 percent.
- Based on deferrals the Department administers, businesses complete most projects within one year. This estimate assumes:
    - The Department approves all five projects by December 2015.
    - Projects certified as complete by December 2016.
    - Recipients of the deferral begin repayments by December 31, 2021 (Fiscal Year 2022) and make repayments close to December 31 in each of the following nine years.

Continued

82.08 - Invest in Washington pilot program

Assumptions (continued)

- The State Treasurer deposits all state sales and use taxes repaid by recipients in the Invest in Washington account. The Department will notify the State Treasurer of the first repaid taxes by June 1, 2022.
- The Legislature repeals this deferral effective July 1, 2016; however since the Department approves all five projects by December 2015, no increase in revenues occurs.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Manufacturing businesses
Taxpayer Count:	Up to 5
Program Inconsistency:	None
JLARC Review:	JLARC require to review, but not yet scheduled

82.08; 82.12 - Medical marijuana sold to qualifying patients or designated providers who have recognition cards

Description

Beginning on July 1, 2016, sales of those marijuana products identified by the Department of Health as beneficial for medical use by retailers having medical marijuana endorsements are exempt from sales and use taxes when purchased by patients or designated providers who have marijuana recognition cards.

Purpose

To exempt medically beneficial marijuana from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$26.578	$30.550	$30.550
Local Taxes	$0.000	$10.100	$11.609	$11.609

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$24.364	$30.550	$30.550
Local Taxes	$0.000	$9.258	$11.609	$11.609

Assumptions

- The Washington State Department of Health will not identify specific marijuana products as "medically beneficial," but will instead consider any such product recommended or prescribed by a physician to be medically beneficial.
- All marijuana products legally sold by retailers having medical marijuana endorsements will be exempt from sales and use taxes when sold to patients or designated providers with marijuana recognition cards.
- The exemption's repeal will be effective July 1, 2016 and affect 11 months collections in Fiscal Year 2017.

Data Sources

- Estimated medical marijuana retail sales as published in the Washington State Liquor and Cannabis Board's fiscal note for 2E2SHB 2136, 2015 legislative session
- Department of Revenue excise tax data for medical marijuana sellers

Continued

82.08; 82.12 - Medical marijuana sold to qualifying patients or designated providers who have recognition cards

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	500
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Low THC products sold to qualifying patients or designated providers who have recognition cards

Description

Beginning on July 1, 2016, sales of products containing THC with a THC concentration of 0.3 percent or less, by LCB-licensed retailers having a medical marijuana endorsement, are exempt from sales and use taxes when purchased by patients or designated providers who have marijuana recognition cards.

Purpose

RCW 69.50.101(t) specifically excludes these low THC products from the definition of marijuana, so sales for medical purposes would be taxable without this exemption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.329	$1.527	$1.527
Local Taxes	$0.000	$0.505	$0.580	$0.580

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.218	$1.527	$1.527
Local Taxes	$0.000	$0.463	$0.580	$0.580

Assumptions

- Low THC products, containing less than 0.3% THC, equal about 5% of medical marijuana sales.
- The exemption's repeal will be effective July 1, 2016 and affect 11 months collections in Fiscal Year 2017.

Data Sources

- Estimated medical marijuana retail sales as published in the Washington State Liquor and Cannabis Board's fiscal note for 2E2SHB 2136, 2015 legislative session
- Department of Revenue excise tax data for medical marijuana sellers

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana retailers and customers
Taxpayer Count:	500
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - All marijuana types with low THC-high CBD ratio

Description

Beginning on July 1, 2016, marijuana products identified by the Department of Health as having a low THC high CBD ratio, and to be beneficial for medical use, and sold by retailers having medical marijuana endorsements, are exempt from sales and use taxes when purchased by anyone who may legally purchase marijuana.

Purpose

To exempt these products from sales or use taxes. RCW 69.50.101(t) would exclude products with a concentration of THC 0.3 percent or less from the definition of marijuana, making their sales taxable without this exemption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- The taxpayer savings for this new exemption is indeterminate at this time because the State Department of Health has not defined "low THC high CBD ratio" nor determined the types of such products that would be beneficial for medical use.
- The Revenue estimate is indeterminate.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Individual
Year Enacted:	2015
Primary Beneficiaries:	Medical Marijuana patients
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Topical low THC products sold or provided for use by health care professionals

Description

Beginning on July 1, 2016, sales by health care professionals of topical, non-ingestible products containing THC with a THC concentration of 0.3 percent or less are exempt from sales and use taxes.

Purpose

RCW 69.50.101(t) would exclude these products from the definition of marijuana if the concentration of THC was 0.3 percent or less making their sales taxable without this exemption, which is not the legislature's intent.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.001	$0.002	$0.002
Local Taxes	$0.000	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.001	$0.002	$0.002
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- "Low THC products," containing less than 0.3% THC, equal about 5% of medical marijuana sales.
- Topical products represent about 0.1% of the value of medical marijuana.
- The proportion sold directly by health care professionals to patients is also likely to be very small, particularly in the post July 1, 2016 market.
- The exemption's repeal will be effective July 1, 2016 and affect 11 months collections in Fiscal Year 2017.

Data Sources

- Estimated medical marijuana retail sales as published in the Washington State Liquor and Cannabis Board's fiscal note for 2E2SHB 2136, 2015 legislative session
- Colorado annual sales from the Colorado Department of Revenue's "Annual Update" dated February 27, 2015, published by the Marijuana Enforcement Division
- Colorado THC market price equivalencies from the Colorado Department of Revenue's August 10, 2015 publication "Marijuana Equivalency in Portion and Dosage"
- Department of Revenue excise tax data for medical marijuana sellers

Continued

82.08; 82.12 - Topical low THC products sold or provided for use by health care professionals

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana patients
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Marijuana and low THC products produced and used by cooperative members

Description

Beginning July 1, 2016 marijuana products and low THC products (with a THC content of less than 0.3%) produced and used by cooperative members are not subject to sales and use taxes.

Purpose

To exempt from sales or use taxes the activities of medical marijuana cooperatives which are barred from selling marijuana.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

The revenue impact is Indeterminate because the number of future cooperatives is unknown.

Data Sources

Department of Revenue Sources

Additional Information

Additional Information	
Category:	Nonprofit, other
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Nonmonetary resources and labor contributed by an individual member of a medical marijuana cooperative

Description

Beginning on July 1, 2016 nonmonetary resources and labor contributed by an individual member of a medical marijuana cooperative are exempt from sales and use taxes.

Purpose

Cooperatives grow marijuana for their own medical use and may not sell product. It is the intent of the legislature to exempt this noncommercial activity from taxation.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

The revenue impact is indeterminate because the number of future cooperatives and future resource and labor contributions is unknown.

Data Sources

Department of Revenue sources

Additional Information

Additional Information	
Category:	Nonprofit, other
Year Enacted:	2015
Primary Beneficiaries:	Medical marijuana cooperatives
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled for review in 2026

82.08; 82.12 - Marijuana, tribal contracts

Description

State and local sales and use taxes do not apply to the sale or use of marijuana products covered by a tribal marijuana compact.

Purpose

To treat marijuana compacts in a manner similar to cigarettes compacts, as a government to government relationship.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing the exemption would increase tax revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is confidential because it affects fewer than three taxpayers.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2015
Primary Beneficiaries:	Tribal Governments
Taxpayer Count:	Fewer than three
Program Inconsistency:	None Evident
JLARC Review:	Not on JLARC review schedule

82.08; 82.12 – Medical marijuana sold by collective gardens through June 30, 2016

Description

For the fiscal year running from July 1, 2015 through June 30, 2016, sales of marijuana products by collective gardens to qualifying patients and designated providers are exempted from sales and use taxes. Collective gardens in Washington State will no longer be legal as of July 1, 2016.

Purpose

To exempt medical marijuana from sales and use taxes during the transition to the new regulatory environment, that will be implemented on July 1, 2016, where medical marijuana will be exempt from these taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.507	$0.000	$0.000	$0.000
Local Taxes	$2.093	$0.000	$0.000	$0.000

Repeal of exemption

Repealing the exemption would not increase tax revenues. It expires July 1, 2016.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Collective gardens in Washington State will cease to exist as of July 1, 2016, so repealing this exemption has no impact.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2015
Primary Beneficiaries:	Collective gardens and their customers
Taxpayer Count:	500 known
Program Inconsistency:	None Evident
JLARC Review:	JLARC has scheduled for review in 2025

82.08.010(1) - Trade-ins

Description

The definition of selling price excludes the value of trade-ins. This means sales tax is collected on the price after the value of the trade-in is deducted. To qualify, the used items must be accepted by the vendor and be of "like-kind." For example, a person purchasing a new French horn may trade in a used trombone since both are musical instruments.

Purpose

To encourage purchases of new items, especially motor vehicles.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$159.592	$161.187	$162.799	$164.427
Local Taxes	$57.144	$57.715	$58.293	$58.875

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$147.756	$162.799	$164.427
Local Taxes	$0.000	$52.906	$58.293	$58.875

Assumptions

- Assume growth of one percent per year.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Buyers of motor vehicles
Taxpayer Count:	1,421
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.010(1,b) - Cash discounts

Description

Cash, term, or coupon discounts taken by a purchaser, and not reimbursed to the seller by a third party are not included in the definition of sales price. As a result, sellers may deduct discounts taken by the purchases in determining the amount of retail sales tax due.

Purpose

To avoid taxing sellers on income they did not actually receive from purchasers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$24.496	$25.858	$27.141	$28.312
Local Taxes	$9.307	$9.824	$10.312	$10.757

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$23.704	$27.141	$28.312
Local Taxes	$0.000	$9.005	$10.312	$10.757

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Businesses that offer cash discounts to purchasers
Taxpayer Count:	3,900
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.08.0203 - Trail grooming services

Description

Sales of trail grooming services to the state of Washington or nonprofit corporations organized under chapter 24.03 RCW are not subject to sales tax. Trail grooming means the activity of snow compacting, snow redistribution, or snow removal on state-owned or privately owned trails.

Purpose

To provide higher quality and safer cross country ski trails in Washington and to promote tourism.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.093	$0.096	$0.100	$0.103
Local Taxes	$0.035	$0.037	$0.038	$0.039

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.088	$0.100	$0.103
Local Taxes	$0.000	$0.034	$0.038	$0.039

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.
- Performance Audit acct had less than $500 therefore is not included in the revenue impact above.

Data Sources

Washington State Parks and Recreation Commission Trail Grooming Budget 2014

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	The state of Washington and nonprofit organizations which operate cross-country ski trails
Taxpayer Count:	25
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.0204; 82.12.0204 - Honey bees

Description

Eligible apiarists are exempt from the retail sales and use tax for the purchase or use of honey bees. This exemption currently expires July 1, 2017.

Purpose

To provide temporary tax relief to apiarists that purchase honey bees to counter the negative economic impact on the state's agricultural sector from the colony collapse disorder and the resulting loss of bee hives occurring when the legislature enacted the exemption.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.004	$0.004	$0.004	$0.004
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

A repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.004	$0.004	$0.004
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

Beekeeping is a small, specialized industry so no growth over time.

Data Sources

- Washington State Department of Agriculture bee keeper list
- Bee keeping websites
- Department excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2008
Primary Beneficiaries:	Apiarists
Taxpayer Count:	10
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.0205; 82.12.0205 - Waste vegetable oil used in production of biodiesel

Description

Sales of waste vegetable oil used by a person to produce biodiesel for personal use are exempt from the retail sales and use tax.

Purpose

To support production of alternative fuels.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.435	$0.435	$0.435	$0.435
Local Taxes	$0.161	$0.161	$0.161	$0.161

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.398	$0.435	$0.435
Local Taxes	$0.000	$0.147	$0.161	$0.161

Assumptions

Value of waste vegetable oil is $2 per gallon.

Data Sources

United States Energy Information Administration

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2008
Primary Beneficiaries:	Small scale biodiesel producers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.0206 - Working families tax remittance

Description

The working families' tax exemption is an exemption from the prior year's state retail sales tax for eligible persons based on the person's federal earned income tax credit (EITC). However, the "working families' tax exemption" is contingent on the Legislature approving the exemption in the state omnibus appropriations act for each fiscal period.

Persons claiming the exemption must apply to the Department of Revenue. The Department will remit exempted amounts to eligible persons who submitted applications. Remittances are equal to 10 percent of the granted federal EITC or $50, whichever is greater.

An eligible person:
- Is an individual, or an individual and his or her spouse if they file a federal joint income tax return,
- Is eligible for, and is granted, the federal EITC,
- Properly files a federal income tax return as a Washington resident, and
- Has been a resident of the state of Washington more than 180 days of the year for which the exemption is claimed.

Purpose

Results in a less regressive tax system.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

When legislatively approved, repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Currently not funded by the Legislature.

Data Sources

None

Continued

82.08.0206 - Working families tax remittance

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Washington residents
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.0208; 82.12.0208 - Digital codes

Description

Digital codes providing access to exempt digital goods are exempt from retail sales and use taxes.

Purpose

To promote uniformity, consistency, and ease of administration in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.200	$0.200	$0.200	$0.200
Local Taxes	$0.076	$0.076	$0.076	$0.076

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.183	$0.200	$0.200
Local Taxes	$0.000	$0.070	$0.076	$0.076

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Washington Input-Output model
- Washington IMPLAN model
- United States Census Bureau's E-Stats

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Sellers of codes which provide access to digital goods
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.02081; 82.12.02081 - Audio or video programming by broadcasters

Description

Audio and video programming by radio and television broadcasters is exempt from the retail and sales use taxes. However, pay-per-program sales or charges for access to a library of programs are subject to retail sales and use taxes.

Purpose

To provides uniformity and consistency in the treatment of digital media.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.812	$1.915	$2.013	$2.118
Local Taxes	$0.687	$0.727	$0.764	$0.804

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.755	$2.013	$2.118
Local Taxes	$0.000	$0.666	$0.764	$0.804

Assumptions

- The growth rate used is the "Intellectual Property Products" from the Economic and Revenue Forecast Council's November 2014 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Radio and TV broadcasters
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC is scheduled to review in 2019

82.08.02082; 82.12.02082 - Digital goods or automated services for the public

Description

Purchases of digital goods and digital automated services are exempt from retail sales and use taxes when acquired for the purpose of making them available to the general public at no charge.

Purpose

Promotes fairness and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.177	$1.277	$1.386	$1.504
Local Taxes	$0.447	$0.485	$0.527	$0.571

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.445	$0.527	$0.571
Local Taxes	$0.000	$0.169	$0.200	$0.217

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- The digital products (digital goods and digital automated services) share of business purchases was assumed for each NAICS.
- There are $2 million in sales taxes at issue, half from digital goods and half from digital automated services.
- However, the digital goods portion is already exempt as "any business purpose."
- Hence, the only thing exempted here is the $1 million in relevant digital automated services.
- There is only 20 percent compliance for digital products sold by out of state taxpayers.
- The compliance rate for in state taxpayers is 90 percent.
- The growth rate for these digital products was 11.6 percent in 2013 and will slowly decline to 10.25 percent by 2019.

Continued

82.08.02082; 82.12.02082 - Digital goods or automated services for the public

Data Sources

- United States Census Bureau's "E-Stats" table for services in 2012 and 2013 implies an 11.6 percent weighted average growth rate for these digital products in the year 2013.
- The business shares of purchases, and other disaggregated NAICS data, are from the Washington State Implan model (from Implan Group LLC).

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Taxpayers providing digital content for free
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.02087; 82.12.02087 - Digital goods and services for business purposes

Description

Digital goods purchased solely for business purposes are exempt from retail sales and use tax.

Purpose

To promote uniformity and consistency in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.230	$17.974	$19.862	$21.897
Local Taxes	$6.167	$6.830	$7.547	$8.321

Repeal of exemption

The repeal this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.215	$12.314	$13.576
Local Taxes	$0.000	$3.882	$4.679	$5.159

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- The digital products (digital goods and digital automated services) share of business purchases was assumed for each NAICS.
- Only digital goods are currently exempted by 82.08.0287.
- Fifty percent of business digital product purchases are assumed to be digital goods as are 50 percent of business digital automated service purchases.
- "Business purpose" is a very broad term.
- There is only 20 percent compliance for digital products sold by out of state taxpayers.
- The compliance rate for in state taxpayers is 90 percent.
- Growth rate for these digital products was 11.6 percent in 2013 and will slowly decline to 10.25 percent by 2019.

Data Sources

- United States Census Bureau's "E-Stats" table for services in 2012 and 2013 implies an 11.6 percent weighted average growth rate for these digital products in the year 2013
- The business share of purchases, and other disaggregated NAICS data, are from the Washington State Implan model (from Implan Group LLC)

Continued

82.08.02087; 82.12.02087 - Digital goods and services for business purposes

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Businesses buying and selling digital products
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.02088; 82.12.02088 - Digital goods and services for multiple points of use

Description

Digital goods, digital codes, digital automated services, prewritten computer software, and services which are concurrently used by a business or other organization both within Washington and outside the state are exempt from retail sales and use taxes if the goods or services are not for personal use.

Purpose

To promote uniformity, consistency and ease of administrative in the tax code.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.200	$0.200	$0.200	$0.200
Local Taxes	$0.076	$0.076	$0.076	$0.076

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.183	$0.200	$0.200
Local Taxes	$0.000	$0.070	$0.076	$0.076

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Washington Input-Output model
- Washington IMPLAN model
- United States Census Bureau, E-Stats

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Entities with operations within and outside the state
Taxpayer Count:	1,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.0251 - Casual sales

Description

Persons not otherwise engaged in business activities are not required to collect retail sales tax when they sell items or services meeting the definition of a retail sale to consumers. However, the buyer is not exempt from the use tax on the value of these purchases.

Purpose

To limit retail sales tax collection and reporting to business entities. Also, the exemption recognizes the practical problems associated with locating and registering casual sellers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.648	$7.975	$8.317	$8.675
Local Taxes	$2.664	$3.030	$3.160	$3.296

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$7.311	$8.317	$8.675
Local Taxes	$0.000	$2.778	$3.160	$3.296

Assumptions

- All casual sales eligible reported by registered businesses are reported as a deduction under the retailing B&O classification.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- America's Research Group
- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Businesses that sell items outside their general scope of business. Individuals that sell products at garage or yard sales
Taxpayer Count:	50,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.0252 - Sales subject to public utility tax

Description

Sales subject to the public utility tax are exempt from retail sales tax. This affects only the distribution or sale of tangible personal property that would otherwise be subject to sales taxes, particularly natural gas, electricity, and water.

Purpose

Without the exemption these activities would be subject to both the public utility tax and to sales taxes which may be viewed as double taxation. The public utility tax is considered a tax on consumers of utility services even though the provider of the service pays the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$612.736	$636.389	$666.287	$694.972
Local Taxes	$232.840	$241.828	$253.189	$264.089

Repeal of exemption

The repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$583.356	$666.287	$694.972
Local Taxes	$0.000	$221.675	$253.189	$264.089

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- The estimated tax savings does is not a net taxpayer savings (sales tax saved minus public utility tax paid.) Taxpayer savings reflect only the sales tax amount.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1935
Primary Beneficiaries:	Public utilities and their customers
Taxpayer Count:	1,040
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.02525; 82.12.02525 - Public records copies

Description

Charges received by state or local government agencies as reimbursement for the cost of providing copies of public records are exempt from retail sales and use tax.

The exemption applies to documents provided under the Public Records Act when no fee is charged for the record itself, other than the amount necessary to cover the actual costs of providing the document. A maximum fee of $0.15 per page applies if the agency has not determined the actual cost.

Purpose

Supports open government and encourages citizens to seek the information they need from governmental agencies. Prevents agencies from having to collect and remit small amounts of sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.096	$0.098	$0.100	$0.102
Local Taxes	$0.036	$0.037	$0.038	$0.039

Repeal of exemption

Repealing the exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.090	$0.100	$0.102
Local Taxes	$0.000	$0.034	$0.038	$0.039

Assumptions

- Seventy-five percent of "other statutory certifying and copy fees" are for copying of public records.
- State charges equal local charges.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Minimal impact to the Performance Audit account.

Data Sources

State Auditor, Local Govt. Financial Report System (LGFRS)

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Washington citizens and state and local government agencies
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0253; 82.12.0345 - Newspapers

Description

The sales of newspapers sold by subscription and at newsstands are exempt from the sales and use tax.

Department of Revenue rules define a newspaper as a publication issued at regular intervals of less than two weeks, printed on newsprint in tabloid or broadsheet format, and without substantial binding.

Purpose

In 1935, taxing newspapers was viewed as inhibiting the "freedom of the press." In addition, the exemption relieved newspaper carriers (mostly youth) from being responsible for collecting and reporting the tax; however, the billing function has now largely been centralized by the publisher.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.579	$15.579	$15.579	$15.579
Local Taxes	$5.919	$5.919	$5.919	$5.919

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.281	$15.579	$15.579
Local Taxes	$0.000	$5.426	$5.919	$5.919

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

Newspaper Association of America. Business Model Evolving, Circulation Revenue Rising. April 18, 2014

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Buyers of newspapers
Taxpayer Count:	2.9 million
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.02535 - Fund-raising sales of magazines

Description

Magazine subscriptions are exempt from retail sales tax when sold by schools or nonprofit organizations benefitting boys and girls nineteen years and younger for purposes of raising funds to support their school or organization.

Purpose

To support these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.500	$0.560	$0.570	$0.590
Local Taxes	$0.170	$0.210	$0.220	$0.230

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.510	$0.570	$0.590
Local Taxes	$0.000	$0.180	$0.220	$0.230

Assumptions

- Spending internet subscriptions is increasing.
- Spending on hard copy subscriptions is declining and is now under $60 per year, and 1/3 of this amount is for purchases from organizations doing fund raising.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

- http://www.fund-raising-ideas-center.com/magazine-fund-raising.html
- http://www.american-publishers.com/Default.aspx?s=67a7ad96-62d3-4ffe-a45c-a4cf00f732b8
- https://www.fundraising.com/online-fundraising/how-it-works
- http://www.theguardian.com/news/datablog/2013/aug/19/digital-magazines-popular-circulation-figures

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Schools and nonprofit organizations
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.02537; 82.12.0347 - Academic transcripts

Description

Fees charged by public and private educational institutions for providing copies of academic transcripts to current and former students are exempt from retail sales and use tax.

Purpose

To provide tax relief for students charged for copies of academic transcripts sent on their behalf to other schools, prospective employers, etc.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.138	$0.138	$0.138	$0.139
Local Taxes	$0.052	$0.052	$0.053	$0.053

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.127	$0.138	$0.139
Local Taxes	$0.000	$0.044	$0.053	$0.053

Assumptions

- The state would not pay B&O tax on income from providing transcripts for students at public colleges and universities, since it is not a taxable "person" under RCW 82.04.030.
- Political subdivisions are potentially subject to business tax, so public K-12 schools are assumed to be taxable for purposes of this estimate.
- 50% of college graduates order 5 transcripts @ $10 each.
- 80% of high school students order 4 transcripts @ $2 each.

Data Sources

- Office of the Superintendent of Public Instruction
- Office of Financial Management

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1996
Primary Beneficiaries:	Students
Taxpayer Count:	295 school districts 22 4-year institutions 34 2-year institutions
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0254; 82.12.0255 - Constitutionally exempt sales

Description

Sales prohibited from taxation under state or federal constitutions receive an exemption from retail sales and use taxes. This "catch-all" provision covers situations not covered by other specific exemptions. The major items in this general exemption include sales:

- Where the final location is out-of-state,
- To the U.S. government, and
- To Indian tribes and their members in their Indian Country.

Purpose

Recognizes the prohibition against taxing the federal government, Indians tribes and their members in their Indian country, or placing a burden on interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$240.992	$254.389	$267.007	$278.530
Local Taxes	$91.562	$96.652	$101.446	$105.824

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth mirrors total sales tax collections, as reflected in the February 2015 general fund forecast.
- No revenues are realized if the state law is repealed, these sales are also constitutionally exempt at the federal level.

Data Sources

- Department of Revenue tax return data
- Office of Financial Management, 2007 I-O Tables
- Economic and Revenue Forecast Council, February 2015 forecast

Continued

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1935
Primary Beneficiaries:	Federal Government and individuals located on Indian reservations
Taxpayer Count:	8,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0255(1a,c); 82.12.0256(2a,c) - Fuel for urban transit or passenger-only ferries

Description

Motor vehicle fuel purchased for the purpose of providing public transportation is exempt from retail sales and use tax. The fuel must also be exempt under the motor vehicle and special fuel taxes. This exemption also applies to fuel purchased by a public transportation benefit area, or a county-owned ferry or county ferry district for use in passenger-only ferries.

Purpose

To reduce the cost of providing public transit and encourage the use of these systems by riders.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.501	$3.776	$3.906	$4.006
Local Taxes	$1.330	$1.435	$1.484	$1.522

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.462	$3.906	$4.006
Local Taxes	$0.000	$1.315	$1.484	$1.522

Assumptions

- The county ferry sales and use tax exemption on fuel is included in the estimate under RCW 82.08.0255(1d,e) of this study.
- This estimate only contains the amounts used for urban transit.
- Fuel prices per gallon are based upon the average 2014 prices for the United States West Coast for regular unleaded and diesel fuel.
- The growth rates will mirror the oil price growth rates reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Licensing Fuel Tax Taxpayer Data
- Economic & Forecast Council February 2015 Forecast
- United State Energy Information Administration

Continued

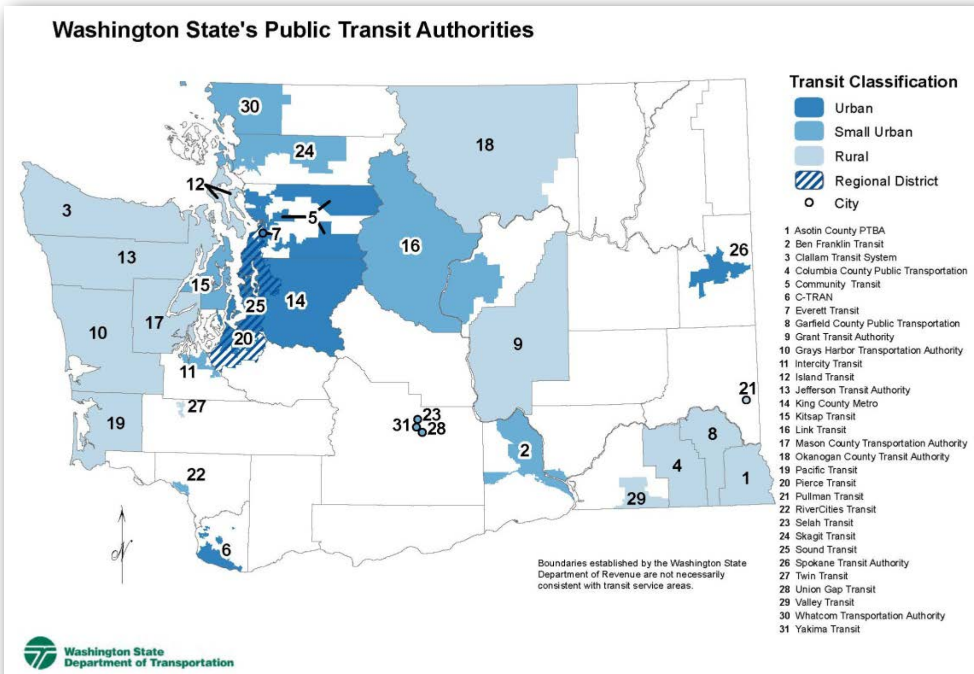
82.08.0255(1a,c); 82.12.0256(2a,c) - Fuel for urban transit or passenger-only ferries

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1980
Primary Beneficiaries:	Publicly and privately operated urban passenger transportation providers
Taxpayer Count:	Unknown (not tracked by Department of Licensing)
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

Beneficiaries Map

As of January 2014, there were 31 public transit authorities. It is unknown the number of privately operated urban passenger transportation providers operating in the state.



Source: Map of Washington state's 31 transit authority districts, updated January 8, 2014

82.08.0255(1b); 82.12.0256(2b) - Fuel for transporting persons with special needs

Description

Motor vehicle and special fuel purchased by a certified private, nonprofit transportation provider for persons with special transportation needs is exempt from retail sales and use tax. The fuel must also be exempt from the special fuel taxes.

Purpose

To lower nonprofit transportation provider costs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.115	$0.124	$0.129	$0.132
Local Taxes	$0.044	$0.047	$0.049	$0.050

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.114	$0.129	$0.132
Local Taxes	$0.000	$0.043	$0.049	$0.050

Assumptions

- The growth rates will mirror the oil price growth rates reflected in the February 2015 economic forecast.
- The revenue impact to the Performance Audit account is not material.
- Fuel prices per gallon are based upon the average 2014 prices for the United States West Coast for regular unleaded and diesel fuel.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Licensing Fuel Tax Taxpayer Data
- Economic & Forecast Council February 2015 Forecast
- United State Energy Information Administration

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Special Needs Transportation Providers
Taxpayer Count:	Unknown, not tracked by Department of Licensing
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.0255(1d,e); 82.12.0256(2e,f) - Fuel for state or county ferries

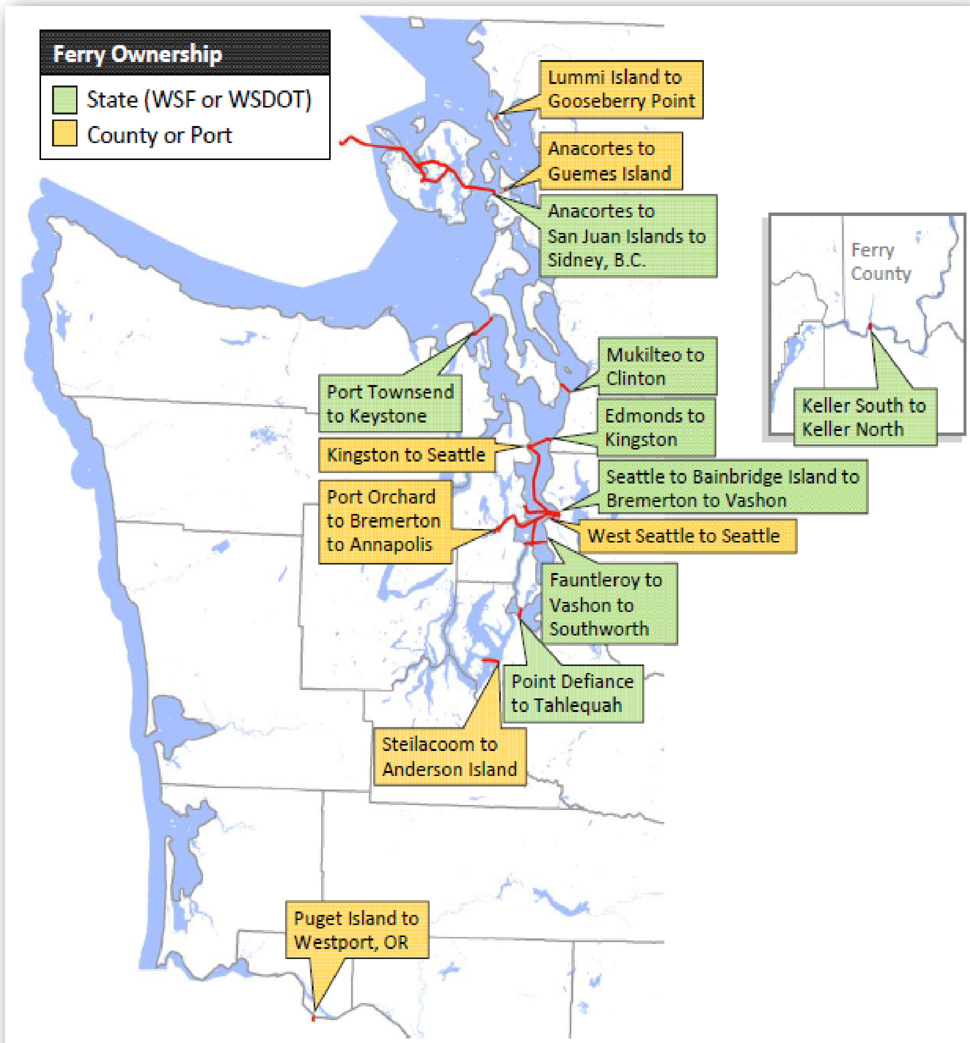
Description

Motor vehicle or special fuel purchased for use in state or county-owned ferries is exempt from the retail sales and use tax.

Purpose

Reduces the cost for state and local government to provide ferry service.

State and County-Owned Ferries Operated in Washington



Source: JLARC analysis using WSDOT GIS data, 2012 Tax Preference Performance Reviews

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.222	$2.397	$2.479	$2.543
Local Taxes	$0.844	$0.911	$0.942	$0.966

Continued

82.08.0255(1d,e); 82.12.0256(2e,f) - Fuel for state or county ferries

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.198	$2.479	$2.543
Local Taxes	$0.000	$0.835	$0.942	$0.966

Assumptions

- The growth rate will mirror the oil price growth rate reflected in the February 2015 economic forecast.
- Fuel price per gallon based upon average diesel price for 2014 less fuel taxes
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Washington State Department of Transportation Budget Data (Includes County Ferries)
- Economic and Revenue Forecast Council February 2015 Forecast
- U.S. Energy Information Administration

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	State and County-Owned Ferry Systems
Taxpayer Count:	8
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2021

82.08.0255(1f); 82.12.0256(2d) - Motor Vehicle and special fuel used on public highways

Description

Fuel subject to the special fuel tax is exempt from the retail sales and use tax. This exemption is primarily for gasoline, diesel, and other fuels used by vehicles on public highways.

Purpose

To avoid double taxation. However, there are other instances of products being subject to a tax at the distributor level and another tax at the retail level.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$455.291	$491.392	$508.275	$521.376
Local Taxes	$173.059	$186.699	$193.113	$198.091

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$450.443	$508.275	$521.376
Local Taxes	$0.000	$171.141	$193.113	$198.091

Assumptions

- The growth rates will mirror the oil price growth rates reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Economic Revenue & Forecast Council February 2015 Forecast
- Department of Revenue taxpayer data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Licensed Drivers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.08.0255(2); 82.12.0256(1) - Special fuel purchased in WA but used outside of state

Description

Persons engaged in interstate commerce may claim a credit or refund for retail sales or use taxes paid on fuel delivered in this state, but transported and used outside of Washington.

Purpose

To not interfere with interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Interstate carriers would likely shift their fuel purchases to other states.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The impact for this exemption is included in the estimate for special fuel used on public highways, RCWs 82.08.0255(1f) and 82.12.0256(2d), which covers all motor vehicle and special fuel used on public highways.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1983
Primary Beneficiaries:	Interstate Carriers
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.0256; 82.12.0257 - Public utility operating property

Description

The sale of operating property used in conducting a utility operation to the state or a local government entity is exempt from retail sales and use tax. The exemption includes properties such as water systems and electrical substations of a public utility.

Exemption requirements include:
- The utility property must be operating as utility property before the sale, and the new owner must continue to operate the property as a utility.
- The purchaser of the operating utility property must be a state agency or political subdivision.

Purpose

This exemption generally addresses intergovernmental transfers of utility operations as a result of annexations or incorporations. These transfers do not result in financial gain but merely reflect a transfer of assets among jurisdictions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- Utilities do not report these sales, so there is no data available.
- The impact is indeterminate, but assumed to be minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1935
Primary Beneficiaries:	State and local jurisdictions, municipal utilities, water districts, etc.
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.08.02565; 82.12.02565 - Manufacturing and R&D machinery and equipment

Description

Manufacturers and processors for hire are eligible for a retail sales and use tax exemption on purchases of manufacturing machinery and equipment used directly in a manufacturing operation, research and development (R&D) operation, or testing operation. Charges for installing, repairing, cleaning, altering or improving the machinery and equipment are also exempt.

Short-lived tools, hand tools, and consumable supplies do not receive an exemption. Manufacturing, R&D, and testing operations for marijuana or marijuana related products are also not eligible for the exemption.

Purpose

To encourage manufacturing activity to take place in Washington and create family wage jobs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$296.535	$308.003	$319.290	$330.456
Local Taxes	$81.655	$84.812	$87.920	$90.995

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$242.809	$274.589	$284.192
Local Taxes	$0.000	$66.860	$75.612	$78.256

Assumptions

- Expenditures on machinery and equipment used for research and development and for testing, that are related to the manufacturer's manufacturing activities, are a small percentage of total machinery and equipment, assumed at two percent.
- Expenditures on machinery and equipment that does not qualify for the exemption, including hand tools equipment with a useful life of less than one year, office equipment, most transportation equipment, computers, software and peripherals that are not used directly in manufacturing, are a sizable percentage of total expenditures, assumed to be twenty-five percent.
- Due to noncompliance, it is assumed that only eighty-six percent of taxes owed would be collectable if the exemption were repealed.
- Effective date of July 1, 2016, with 11 months impact in Fiscal Year 2017.

Continued

82.08.02565; 82.12.02565 - Manufacturing and R&D machinery and equipment

Data Sources

- 2012 Economic Census
- The 2013 Annual Survey of Manufacturers
- Department of Revenue excise tax data
- Economic and Revenue Forecast Council's February 2015 forecast

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Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	Taxpayers engaged in manufacturing activities
Taxpayer Count:	15,000
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Description

The sale of machinery and equipment used primarily in a research and development operation at public research institutions is exempt from retail sales and use tax. Qualifying machinery and equipment includes:

- Computer hardware and software,
- Laboratory equipment and instruments,
- Vats, tanks, and fermenters, and
- Equipment used to control, monitor or operate qualifying machinery.

Purpose

Ensures amendments made to the M&E exemption in 2011 would not affect public research institutions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.150	$5.425	$5.683	$5.962
Local Taxes	$1.954	$2.058	$2.156	$2.262

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.973	$5.683	$5.962
Local Taxes	$0.000	$1.886	$2.156	$2.262

Assumptions

- The growth rate is from the Economic and Revenue Forecast Council rate for Research and Development, February, 2015.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Descriptive Statistics for Tax Incentive Programs, 2014 Report to the Legislature
- Department of Revenue data sources

Continued

82.08.025651; 82.12.025651 - Public research institutions machinery and equipment

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	State Research Universities
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.08.02566; 82.12.02566 - Aircraft part prototypes

Description

Purchases of ingredients incorporated into or for modifications made to prototypes of aircraft parts and auxiliary equipment are exempt from retail sales and use tax if the business developing the prototypes has taxable annual income of less than $20 million dollars. The exemption is limited to $100,000 per business per calendar year. Eligible businesses must pay tax at the point of sale and apply for a refund directly from the Department.

Purpose

To assist relatively small manufacturers of aircraft parts.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

There are no firms using this tax preference.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.02568; 82.12.02568 - Aluminum production anodes and cathodes

Description

Sales of various ingredients used in producing anodes and cathodes used in manufacturing aluminum are exempt from the retail sales and use tax. These include carbon, petroleum coke, coal tar, pitch and similar substances.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- Aluminum production is 450,000 tons per year.
- The price of carbon components is $75.00

Data Sources

Alcoa publication
http://www.alcoa.com/locations/usa_intalco/en/pdf/AlcoaSmelterOutlook.pdf

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1996
Primary Beneficiaries:	Aluminum manufacturers
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.02569; 82.12.02569 - Gravitational wave observatory

Description

Tangible personal property incorporated into a structure which is an integral part of a laser interferometer gravitational wave observatory is exempt from the retail sales and use tax.

Purpose

To encourage construction of such a facility in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Construction of LIGO at Hanford is complete.

Data Sources

http://www.ligo-wa.caltech.edu/informal.html

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1996
Primary Beneficiaries:	The California Institute of Technology and the federal government
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0257; 82.12.0258 - Farm auction sales

Description

Sales of tangible personal property previously used in a farm activity are exempt from retail sales and use tax if made by or through an auctioneer. The seller must be a farmer with the sale held on a farm. This exemption does not apply to personal property used by the seller in the production of marijuana, useable marijuana, or marijuana-infused products.

Purpose

To support the agricultural industry and farmers selling old equipment to purchase new equipment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.011	$3.101	$3.194	$3.290
Local Taxes	$0.808	$0.832	$0.857	$0.883

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.843	$3.194	$3.290
Local Taxes	$0.000	$0.763	$0.857	$0.883

Assumptions

- In 2008, $268.5 billion in sales occurred at auctions nationwide.
- $18.5 billion was spent on agricultural machinery and equipment sold at auction.
- Washington State represents 2 percent of the national totals.
- 10 percent of all equipment is sold at on-farm auctions.
- 3 percent growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

National Auctioneers Foundation

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1943
Primary Beneficiaries:	Farmer that sell machinery and other personal property at farm auctions, as well as the buyers of the items
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2008

82.08.02573 - Nonprofit organization fund-raising

Description

Sales by a nonprofit organization or a library for fund- raising activities are exempt from sales tax if the gross income from the sale is exempt under RCW 82.04.3651. The exemption does not extend to the regular operation of a bookstore, thrift shop or restaurant.

Purpose

To support the fund-raising activities of these organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$11.958	$12.317	$12.686	$13.067
Local Taxes	$4.543	$4.680	$4.820	$4.965

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$11.290	$12.686	$13.067
Local Taxes	$0.000	$3.900	$4.820	$4.965

Assumptions

- Washington nonprofits reported over $57.8 billion in total revenue in Fiscal Year 2012.
- Nationwide income breakdown is:
  - 21 percent is from contributions, gifts and government grants,
  - 73 percent is from program services and
  - 6 percent is "other income which includes dues, rental income, special event income and goods sold.
- Assume 5 percent of "other income" is for goods sold.
- Annual growth of 3 percent.

Data Sources

National Center for Charitable statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1998
Primary Beneficiaries:	Nonprofit organizations that sale items to raise funds to support their activities.
Taxpayer Count:	About 35,000 nonprofit organizations
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0258; 82.12.0259 - Federal instrumentalities furnishing aid and relief

Description

A sales and use tax exemption on purchases exists for corporations created by Congress that provide:

- volunteer aid to the armed forces, and
- a system of national and international disaster relief.

Purpose

Supports the social benefits provided by federal instrumentalities furnishing aid and relief.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would not increase revenues. Constitutional case law makes federal instrumentalities immune from state and local taxes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This exemption applies to less than three taxpayers.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1945
Primary Beneficiaries:	Federal Instrumentalities furnishing aid and relief
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0259; 82.12.0261 - Breeding livestock, cattle, and milk cows

Description

Sales of livestock for breeding purposes and sales of cattle and milk cows used on a farm are exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.500	$9.690	$9.880	$10.080
Local Taxes	$2.549	$2.600	$2.652	$2.705

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$8.882	$9.884	$10.081
Local Taxes	$0.000	$2.167	$2.652	$2.705

Assumptions

- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.
- 2% growth per year.

Data Sources

United States Agriculture Census, 2012

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1945
Primary Beneficiaries:	Livestock breeders, cattle operations, and dairies the purchase animals for use in producing other animals or products for sale
Taxpayer Count:	4,800
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.026; 82.12.023 & 82.14.030(1) - Natural and manufactured gas

Description

Natural and manufactured gas delivered through a pipeline that is subject to the use tax on brokered gas under RCW 82.12.022 is exempt from retail sales and use tax.

Purpose

Washington firms that distribute natural gas are subject to public utility tax. Large industrial customers may purchase gas directly from out-of-state suppliers through brokers that are not subject to public utility tax. Starting in 1989 these large industrial customers started paying a use tax equivalent to the public utility tax. This exemption assures that these purchases are subject to the special use tax, rather than sales and use tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$19.540	$20.092	$20.696	$21.361
Local Taxes	($26.051)	($26.788)	($27.593)	($28.480)

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$18.418	$20.696	$21.361
Local Taxes	$0.000	($24.555)	($27.593)	($28.480)

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth rate starting 2020 will be zero.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Large industrial users of natural or manufactured gas
Taxpayer Count:	297
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.08.0261 - Items used in interstate commerce

Description

Sales of items of tangible personal property, such as linens, bedding, chairs and tableware (but not airplanes, trains, or vessels), to air, rail, or water private or common carriers for use in their business are exempt from retail sales tax. Any actual use of the item within this state is subject to use tax.

Purpose

Encourages the purchase of these items in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$170.127	$179.420	$187.189	$193.658
Local Taxes	$64.648	$68.180	$71.132	$73.590

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$164.469	$187.189	$193.658
Local Taxes	$0.000	$62.498	$71.132	$73.590

Assumptions

- A July 1, 2016 effective date is assumed resulting in eleven months collections for Fiscal Year 2017.
- The amount of liquid natural gas used by water common carriers in interstate of foreign commerce is likely to be very small through 2019.

Data Sources

- Commodity and fuel purchases by the Washington State transportation sectors from the Washington Implan model (Implan Group LLC)
- Jet fuel prices and Washington State jet fuel usage from the U.S. Energy Information Administration
- Department of Revenue excise tax and audit data for fuel used in-state
- Transportation sector growth rates from the June 2015 forecast of the State Economic and Revenue Forecast Council

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Transportation companies and customers
Taxpayer Count:	150
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2008

82.08.0262; 82.12.0254 - Interstate transportation equipment

Description

Retail sales and use taxes do not apply to the sale or use of airplanes, locomotives, railroad cars or watercraft and their component parts primarily used to transport property or persons for hire in interstate or foreign commerce. The exemption also applies to vessels primarily used in conducting commercial fishing operations outside of Washington waters, and intra-state commuter air carriers.

Purpose

To encourage the use of Washington-based transportation providers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$46.256	$48.126	$50.073	$52.098
Local Taxes	$17.574	$18.285	$19.025	$19.794

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$44.116	$50.073	$52.098
Local Taxes	$0.000	$16.761	$19.025	$19.794

Assumptions

- Growth rate mirrors the growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast for gross private nonresidential investment in transportation equipment.
- 11 months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue tax return data
- Economic & Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Sellers of transportation equipment
Taxpayer Count:	225
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010, air in 2014

82.08.0263 - Interstate commerce vehicles

Description

Sales of motor vehicles and trailers used for transporting persons or property for hire in interstate and foreign commerce are exempt from retail sales tax. The purchaser or user must hold a permit issued by the federal Department of Transportation (formerly the Interstate Commerce Commission).

Purpose

To encourage sales in Washington by allowing delivery of these vehicles to occur in-state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$9.590	$10.346	$10.701	$10.977
Local Taxes	$3.644	$3.931	$4.066	$4.171

Repeal of exemption

Repealing this exemption would likely not increase revenues. Buyers of this type of property could structure transactions to take delivery out-of-state. Also, taxing this type of property could bring a challenge under federal interstate commerce laws.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate for taxpayer savings mirrors the Automobile Sales growth rate reflected in the February 2015 economic forecast.

Data Sources

- Department of Revenue Taxpayer Data
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Interstate carriers and dealers
Taxpayer Count:	193
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0264 - Vehicles sold to nonresidents

Description

Motor vehicles, trailers and campers sold to nonresidents for use outside the state are exempt from the retail sales tax. Delivery may take place in Washington, provided the vehicle is:

- Taken directly outside of this state, or
- Licensed immediately it the state of the purchaser's residence, and not used in Washington for more than three months.

Purpose

To eliminate a potential disadvantage for in-state vehicle dealers who compete against dealers in other states. Other purchases by nonresidents are subject to sales tax if delivery occurs within this state, unless the provisions of RCW 82.08.0273 (residents of states with no or low sales taxes) apply.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$47.284	$49.252	$50.792	$51.468
Local Taxes	$17.172	$17.887	$18.432	$18.692

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident purchasers would take possession outside the state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repealing this exemption would cause nonresidents to take possession of the vehicle outside of the state, so there would be no increase to state revenues.

Data Sources

- Department of Revenue Taxpayer Database
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

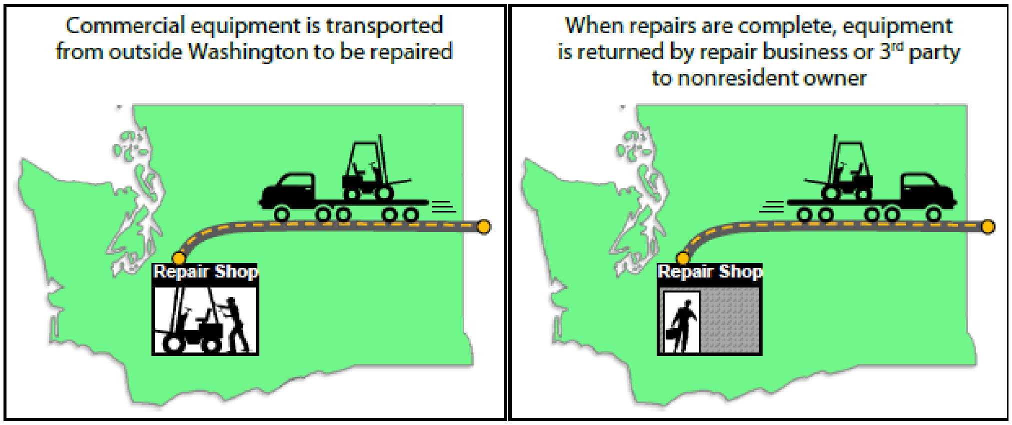
Additional Information	
Category:	Individuals
Year Enacted:	1949
Primary Beneficiaries:	Vehicle Dealers and Manufacturers
Taxpayer Count:	663
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0265 - Items repaired for nonresidents

Description

Charges for repairing, cleaning, altering or installing tangible personal property belonging to a nonresident are exempt from retail sales tax for property delivered to a location outside of the state.

Equipment Repaired In-State and Delivered to a Nonresident Out-of-State



Source: JLARC Interpretation of RCW 82.08.0265, 2011 Tax Preference Performance Reviews

Purpose

Increases the competitive position of Washington firms that repair items for nonresidents.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.186	$2.306	$2.419	$2.522
Local Taxes	$0.831	$0.876	$0.919	$0.958

Repeal of exemption

Repealing this exemption would not increase revenues.

When the Legislature enacted this exemption, the sourcing of services was to where the services were performed rather than where the benefit of the service is received. Now, the sale of services is sourced to where the benefit of the service is received. For services provided in this exemption where the property serviced is delivered to the nonresident out of state, the benefit of the service is received by the nonresident out of state, and so the result is the same as the result provided in the exemption: no sales tax imposed. This exemption is therefore unnecessary in light of current sourcing rules for sales of services.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Continued

82.08.0265 - Items repaired for nonresidents

Assumptions

There would be no increase in state revenues if this exemption were repealed due to the adoption of destination-sourcing for determining sales tax liability.

Data Sources

- Department of Revenue Taxpayer Database
- Economic & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1959
Primary Beneficiaries:	Repair shops
Taxpayer Count:	79
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.08.0266; 82.08.2665 - Boats sold to nonresidents

Description

The sale of watercraft to nonresidents or foreigners for use outside of Washington is exempt from retail sales and use taxes even if delivered in Washington if the craft:

- Requires Coast Guard registration, or
- Is registered in the state of principal use, and
- Is not used in Washington for more than 45 days.

Purpose

Allowing the buyer to take delivery in Washington without incurring sales and use tax liability helps to encourage purchases by nonresidents and foreigners.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.835	$4.074	$4.343	$4.553
Local Taxes	$1.457	$1.548	$1.650	$1.730

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresidents would take delivery outside of Washington or just purchase the watercraft outside of Washington.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Nonresidents would take delivery outside of Washington or just purchase the watercraft outside of Washington.
- The growth rate will mirror the Real Nonresidential Fixed Investment growth rate reflected in the February 2015 economic forecast.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1959
Primary Beneficiaries:	Nonresidents, Boat Dealers and Boat Manufacturers
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.08.0267; 82.12.0262 - Poultry used in production

Description

Poultry used for producing poultry or poultry products are exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.176	$0.179	$0.182	$0.186
Local Taxes	$0.047	$0.048	$0.049	$0.050

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.164	$0.182	$0.186
Local Taxes	$0.000	$0.040	$0.049	$0.050

Assumptions

- Baby chicks currently cost about 65 cents for a day-old chick and $9 for an 18-week old pullet.
- There are no hatcheries in Washington that produce genetically improved chicks on a large scale basis for commercial producers.
- Most of Washington's commercial egg producers purchase their replacement chicks from out-of-state hatcheries that deliver the chicks to them.
- Purchases of replacement chicks by Washington commercial laying operations are estimated at $2.5 million.
- 2 percent annual growth.

Data Sources

- United States Agriculture Census, 2012
- Joint Legislative Audit & Review Committee references

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Producers of poultry and poultry products
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0268 - Farm equipment sold to nonresidents

Description

Farm machinery sold to nonresidents and immediately transported out of state is exempt from retail sales tax. The exemption includes parts and labor for repair services performed on machinery and implements used for farming outside of the state.

Purpose

To allow Washington implement dealers to effectively compete with dealers in neighboring states which either exempt farm machinery or have a lower (or no) sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.042	$7.394	$7.764	$8.155
Local Taxes	$1.890	$1.990	$2.080	$2.190

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident farmers would likely buy and repair machinery in another state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.782	$7.764	$8.155
Local Taxes	$0.000	$1.654	$2.080	$2.190

Assumptions

- 5 percent growth per year.
- Fiscal Year 2017 represents 11 months of collections.

Data Sources

DOR deduction data for NAICS:
- 333111 - Farm machinery and equipment machinery
- 423820 - Farm and garden machinery and equipment wholesalers
- 444220 - Nursery, garden center, and farm supply stores

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1961
Primary Beneficiaries:	Nonresident farmers that purchase and take delivery of farm machinery, implements and parts in Washington
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.08.0269 - Purchases by residents of Alaska & Hawaii

Description

Sales for use in states, territories and possessions of the United States which are not contiguous to any other state are exempt from retail sales tax, if the seller delivers the property to an in-state receiving terminal of a carrier that transports the goods to an out-of-state location.

Purpose

To facilitate sales to residents of Alaska, Hawaii and United States possessions and territories, and to encourage trade through Washington ports.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Minimal	Minimal	Minimal	Minimal
Local Taxes	Minimal	Minimal	Minimal	Minimal

Repeal of exemption

Repealing this exemption would not increase revenues. Buyers could easily make alternative shipping arrangements.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Minimal	Minimal	Minimal
Local Taxes	$0.000	Minimal	Minimal	Minimal

Assumptions

- The impact is assumed to be minimal.
- Most sales to such residents would be exempt under other statutes relating to interstate commerce.
- Buyers could make alternative shipping arrangements.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1961
Primary Beneficiaries:	Businesses that sell to residents of Alaska, Hawaii and United States territories
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0271; 82.12.930 - Watershed and flood protection

Description

State and local government entities are exempt from retail sales and use tax on tangible personal property consumed and labor and services rendered for watershed protection or flood prevention projects. The exemption is limited to the portion of the selling price that is reimbursable by the federal government under the Watershed Protection and Flood Prevention Act.

Purpose

Support services on watershed protection and flood prevention.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Funding for the Watershed and Flood Protection Program from the Federal Government ceased in 2010 by the US Congress.
- Currently, Washington does not receive funds from the Federal Government for projects related to watershed and flood protection.

Data Sources

United States Department of Agriculture

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1963
Primary Beneficiaries:	State and local government entities rendering projects and services relating to the watershed protection or flood prevention act
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0272; 82.12.0267 - Semen for artificial insemination of livestock

Description

Semen used for artificial insemination of livestock is exempt from retail sales and use tax.

Purpose

To support the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.258	$0.258	$0.258	$0.258
Local Taxes	$0.070	$0.070	$0.070	$0.070

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.237	$0.258	$0.258
Local Taxes	$0.000	$0.060	$0.070	$0.070

Assumptions

- Use of artificial insemination will remain constant.
- In Fiscal Year 2014, deductions totaled almost $4 million on bovine semen sales.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1965
Primary Beneficiaries:	Ranchers who purchase semen for artificial insemination of livestock
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

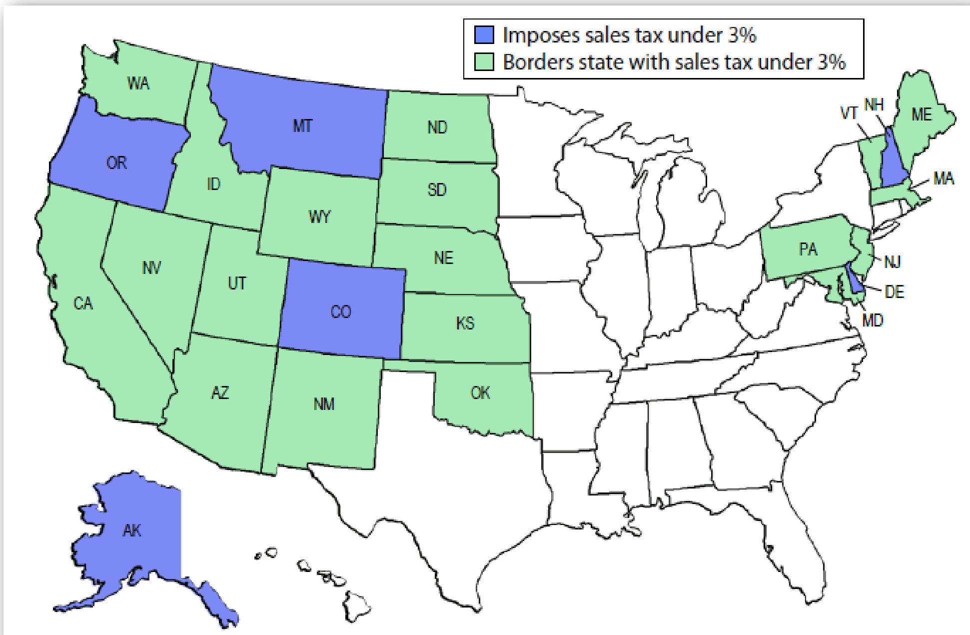
82.08.0273 - Sales to nonresidents from no or low sales tax states

Description

Nonresidents are exempt from Washington retail sales tax on tangible personal property purchased for use outside of Washington if:

- They reside in a state, possession or Canadian province which levies a sales tax of less than 3.0 percent, or

- Their state of residence allows a similar exemption for Washington residents. Currently, no state qualifies under this provision of reciprocity.



Source: JLARC analysis of CCH data on state sales taxes

Purpose

To enable Washington sellers, especially along the Oregon border, to compete with merchants in other states that either:

1. Do not levy a retail sales tax or
2. Levy a sales tax with a low rate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$33.587	$35.089	$36.448	$37.647
Local Taxes	$13.759	$14.374	$14.931	$15.422

Continued

82.08.0273 - Sales to nonresidents from no or low sales tax states

Repeal of exemption

Repealing this exemption would increase revenues. However, due to increased prices to out of state residents, it would be expected that there would be a decrease in spending. As a result, the potential increase in revenues would be slightly lower than the amount taxpayers currently save.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$28.524	$32.322	$33.386
Local Taxes	$0.000	$11.786	$13.355	$13.794

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- To calculate the percent of sales that would be lost, counties were divided into border areas (counties bordering Oregon) and non-border areas. (Within the analysis the calculations for border and non-border areas were calculated using different elasticity.)
- Because there is an increase in total price on certain goods to non-residents (as a result of imposing sales tax), it is assumed there will be a small decrease in purchases. As a result, there will be a decrease in retailing business and occupation taxes collected.
- Boats and automobiles are excluded from this analysis because nonresidents will not be required to pay sales tax for these items when taken outside Washington if the exemption was repealed.
- To project the estimates for future years, growth rates were calculated using data from the Washington State Economic and Revenue Forecast Council.

Data Sources

- Economic and Revenue Forecast Council November 2014 Forecast
- WA State County Travel Impacts study
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1965
Primary Beneficiaries:	Residents of Oregon, Alaska, Montana and the Canadian province of Alberta
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.0274; 82.12.0268 - Form lumber

Description

Form lumber used in construction to mold concrete is exempt from retail sales and use tax when incorporated into the same project. The exemption applies only to projects done by contractors for other persons. Therefore, form lumber used by "speculative" builders is not exempt under this provision.

Purpose

To exempt the contractor's intervening use as a consumer of form lumber.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- There are currently few, if any, taxpayers taking advantage of this exemption.
- Contractors use form lumber over and over for multiple projects.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1965
Primary Beneficiaries:	Contractors and subcontractors who use lumber as forms for concrete
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.02745; 82.12.02685 - Farm-worker housing

Description

Purchases of goods and services used in constructing, repairing, or improving new or existing structures used as agricultural employee housing are exempt from retail sales/use tax. Agricultural employers, governmental entities, nonprofit organizations, or for-profit housing providers may own housing facilities. Agricultural employee housing does not include housing regularly provided on a commercial basis to the general public.

Purpose

To encourage construction of housing facilities for agricultural employees.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.685	$0.685	$0.685	$0.685
Local Taxes	$0.184	$0.184	$0.184	$0.184

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.628	$0.685	$0.685
Local Taxes	$0.000	$0.153	$0.184	$0.184

Assumptions

- Assumed no growth due to variability in data.
- July 1, 2016 effective date, with 11 months collections in Fiscal Year 2017.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1996
Primary Beneficiaries:	Farmers and others who build housing facilities for farm workers
Taxpayer Count:	Unknown, farmers aren't required to register with the Department. Residential builders and building supply stores claim the exemption
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0275; 82.12.0269 - Sand and gravel for local road construction

Description

The cost of labor and services performed in the mining, sorting and crushing of sand and gravel taken from a pit owned by or leased to a city or county are exempt from retail sales and use tax. The city or county must either:

(1) place the sand or gravel on a local public street, or
(2) sell it at cost to another city or county for use on public roads.

Purpose

Lowers costs for constructing, maintaining and preserving county and city roads.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.835	$1.897	$1.962	$2.029
Local Taxes	$0.697	$0.721	$0.745	$0.771

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.739	$1.962	$2.029
Local Taxes	$0.000	$0.661	$0.745	$0.771

Assumptions

- Sand and gravel used in local road construction is assumed to represent 7.5 percent of government contracting as reported by 70.8 percent of highway, street and bridge construction businesses.
- This sector grows at an average rate of 3.4 percent annually.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date .

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1965
Primary Beneficiaries:	Cities and Counties
Taxpayer Count:	320
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.08.0277; 82.12.0273 - Pollen

Description

Sales and use of pollen are exempt from the retail sales and use tax.

Purpose

To support the agricultural and horticultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.026	$0.026	$0.026	$0.026
Local Taxes	$0.007	$0.007	$0.007	$0.007

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.024	$0.026	$0.026
Local Taxes	$0.000	$0.006	$0.007	$0.007

Assumptions

- Since specific data for the sale of pollen does not exist, the amount of pollen produced is estimated as a percentage of honey production.
- Pollen is 10% of honey value.
- No growth over time.

Data Sources

- Washington State Department of Agriculture data
- United State Department of Agriculture, National Agriculture Statistic Service honey reports

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1967
Primary Beneficiaries:	Farmers that buy pollen
Taxpayer Count:	Unknown; approximately 21,000 farms have harvested cropland
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0278; 82.12.0274 - Annexation sales

Description

Tangible personal property sold by one governmental entity to another, in conjunction with an annexation or incorporation, is exempt from retail sales and use tax.

Purpose

To avoid taxing the non-enterprise activities of local governments.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues by a minimal, indeterminate amount.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Sales of tangible personal property (TPP) from an annexed area to the annexing area are rare.
- Any revenue impacts are thought to be minimal.

Data Sources

Washington State Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1970
Primary Beneficiaries:	Cities, counties, or other local governments that are involved in annexations
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.08.0279 - Nonresidents' rental vehicles

Description

Renting or leasing motor vehicles and trailers to nonresidents for exclusive use in interstate commerce are exempt from the retail sales tax. Nonresidents with places of business both inside and outside of Washington qualify for the exemption if the vehicle is registered and most frequently dispatched, garaged and serviced at a location outside of Washington. The exemption includes vehicles or trailers registered in a different state and have incidental use to transport persons or property between Washington locations.

Purpose

To relieve lessors of responsibility for collecting sales tax on the in-state use of rental cars, motor vehicles and trailers by a nonresident motor carrier engaged in interstate commerce and to encourage such businesses to rent or lease in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.250	$0.264	$0.277	$0.289
Local Taxes	$0.095	$0.100	$0.105	$0.110

Repeal of exemption

Repealing this exemption would not increase revenues. The motor vehicle leases and rentals would still qualify under the interstate commerce vehicles exemption, RCW 82.08.0263.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The growth rate for taxpayer savings mirrors the sales tax growth rate reflected in the February 2015 economic forecast.
- The repeal of this exemption would not increase revenues.
- Taxpayers would use the exemption for vehicles used in interstate commerce allowed under RCW 82.08.0263.

Data Sources

- Department of Revenue taxpayer data
- Economic Revenue & Forecast Council February 2015 Forecast

Continued

82.08.0279 - Nonresidents' rental vehicles

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1980
Primary Beneficiaries:	Truck rental businesses and nonresidents
Taxpayer Count:	264
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.02795; 82.12.02745 - Free public hospitals

Description

Free hospitals are exempt from retail sales and use tax on purchases of items used in the operation of the hospital or the provision of health care services. The exemption requires that the hospital not charge its patients for health care services received.

Purpose

To reduce the cost of health care services provided by hospitals providing free service to their patients.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers therefore the impact is confidential.

Data Sources

Internet data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1993
Primary Beneficiaries:	Free public hospitals
Taxpayer Count:	Fewer than three
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2013

82.08.02805; 82.12.02747 - Nonprofit blood and tissue banks

Description

Nonprofit blood and tissue banks are exempt from retail sales and use tax on purchases of medical supplies, chemicals and materials. However, the exemption does not extend to construction materials, office equipment and supplies, or vehicles.

Purpose

To support the activities of these entities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.155	$5.951	$6.011	$6.071
Local Taxes	$2.604	$2.649	$2.190	$2.212

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.455	$6.011	$6.071
Local Taxes	$0.000	$2.208	$2.190	$2.212

Assumptions

- The 2013 legislation expanded qualifying activities to include blood tests and blood processing.
- The expanded B&O tax and sales and use tax exemptions expire July 1, 2016.
- The initial exemptions continue after July 1, 2016.
- 1 percent growth per fiscal year.

Data Sources

- Department of Revenue data
- Blood Center web pages and financial reports

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Blood and tissue banks
Taxpayer Count:	3
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.02806; 82.12.02748 - Human body parts

Description

Sales of human blood, tissue, organs, bodies or body parts are exempt from retail sales and use tax when they are used for medical research or quality control testing

Purpose

To support medical research in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Assume zero growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

- Georgetown University School of Medicine. Donating Your Body to Science
- Loyola Marymount University, Seaver College of Science and Engineering
- Human Cadaver Laboratory Proposal
- USA Today. Medical Students Learn from Cadavers. Downloaded May 1, 2015
- http://usatoday30.usatoday.com/news/education/2009-11-30-medical-students-anatomy_N.htm
- Chicago Business. Cadaver supply: The last industry to face big changes. Downloaded May 1, 2015 http://www.chicagobusiness.com/article/20130223/ISSUE01/302239987/cadaver-supply-the-last-industry-to-face-big-changes

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1996
Primary Beneficiaries:	Medical research organizations
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.02807; 82.12.02749 - Organ procurement

Description

Sales to qualified nonprofit organ procurement organizations of medical supplies, chemicals or materials are exempt from sales and use tax. The exemption does not apply to the sale of construction materials, office equipment, building equipment, administrative supplies, or vehicles.

Purpose

To extend the same tax treatment available to blood, bone and tissue banks.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Without contacting the two businesses that receive this exemption directly there is no information available to complete an estimate.
- The revenue impact of this exemption is indeterminate, and there are fewer than three taxpayers so amount may not be disclosed.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2002
Primary Beneficiaries:	Organ procurement organizations
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.0281; 82.12.0275 - Prescription drugs

Description

Drugs prescribed for use by humans, drugs and devices prescribed for birth control, and drugs and devices for birth control that are dispensed by certain family planning clinics are exempt from retail sales and use tax, as long as the drugs are prescribed by a physician. In addition, drugs and devices for birth control that are supplied by a family planning clinic that is under contract with the Department of Health to provide family planning services are exempt from retail sales tax. The exemption is available for all levels of sales and distribution. It is not required that a hospital or physician make a specific charge to the patient for prescription drugs dispensed under a physician's order.

Purpose

To reduce the cost of health care.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$379.228	$379.228	$379.228	$379.228
Local Taxes	$144.083	$144.083	$144.083	$144.083

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$347.069	$379.228	$379.228
Local Taxes	$0.000	$132.076	$144.083	$144.083

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1974
Primary Beneficiaries:	Patients purchasing prescription drugs
Taxpayer Count:	4.9 million
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0282; 82.12.0276 - Returnable containers

Description

Sales and use of returnable food or beverage containers are exempt from retail sales and use tax. This includes items such as soft drinks, milk, and beer.

Purpose

Retailer purchases of nonreturnable food and beverage containers are exempt from sales and use tax because the containers are sold to consumers. This exemption provides comparable treatment for returnable containers that would not otherwise qualify for the resale exemption, since the containers are not technically "sold" to the food or beverage purchaser.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.211	$0.232	$0.255	$0.281
Local Taxes	$0.000	$0.110	$0.132	$0.158

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.213	$0.255	$0.281
Local Taxes	$0.000	$0.100	$0.132	$0.158

Assumptions

- Exemption assumes the majority of the revenue impact is from kegs used by Washington breweries.
- Minimal revenue impact from other containers such as glass milk jars.
- Annual purchases reflect growth in industry.

Data Sources

- National Brewers Association statistics
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1974
Primary Beneficiaries:	Firms that purchase containers for supplying food and beverages to consumers which is returned by the consumer to the vendor
Taxpayer Count:	256 Washington breweries
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

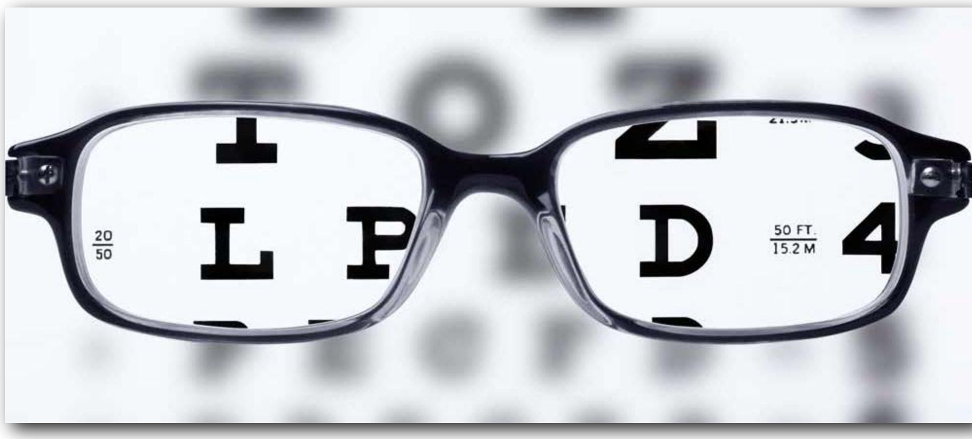
82.08.0283; 82.12.0277 - Medical devices, naturopathic medicine, and oxygen

Description

The following health-related products or devices receive an exemption from retail sales and use tax:

(1) prosthetic devices, including eyeglasses and frames, that are prescribed for individuals by a person licensed by the state to prescribe them;
(2) medically prescribed oxygen and oxygen delivery systems;
(3) medicine of mineral, animal or botanical origin that is prescribed, administered, dispensed or used in the treatment of an individual by a naturopath; and
(4) components of prosthetic devices and charges for repairing devices exempted by this statute.

In 2004, exemptions for ostomic items and insulin shifted to other statutes.



Purpose

To reduce the cost of medical care.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$43.963	$45.231	$46.136	$47.059
Local Taxes	$16.703	$17.185	$17.529	$17.879

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$41.462	$46.136	$47.059
Local Taxes	$0.000	$15.753	$17.529	$17.879

Continued

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Assume two percent annual growth.

Data Sources

Washington State Joint Legislative Audit and Review Committee

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1975
Primary Beneficiaries:	Individuals purchasing certain prescribed medical equipment
Taxpayer Count:	5,225,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.0285; 82.12.0279 - Ferry boat construction and repair

Description

The retail sales tax does not apply to sales of or charges made for constructing and improving ferry boats for the state of Washington or local governments. The use tax does not apply to the use of labor and services rendered in respect to improving such ferry boats.

Purpose

Supports state and local governments by reducing the cost of building or repairing these boats.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.003	$7.010	$4.410	$4.417
Local Taxes	$2.661	$2.663	$1.676	$1.678

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.425	$4.410	$4.417
Local Taxes	$0.000	$2.441	$1.676	$1.678

Assumptions

- Projected capital and maintenance costs will match the costs reflected in the Washington State Ferries Planned Capital and Maintenance Expenditures 2014 Budget Forecast (six year plan).
- No capital costs for county ferries during this estimate time frame
- Maintenance costs for county ferries are 3% of the state ferry maintenance costs based upon the estimated fuel consumption ratio.
- Fuel costs are excluded from this estimate, refer to the sales and use tax exemption for fuel for state or county owned ferries, RCW 82.08.0255 (d)(e) and RCW 82.12.0256 (e)(f).
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Washington State Department of Transportation Ferry Budget Forecasts -2014
- Washington State Department of Transportation 2013 Annual Transportation Summary Report

Continued

82.08.0285; 82.12.0279 - Ferry boat construction and repair

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1977
Primary Beneficiaries:	Publicly Operated Ferry Systems
Taxpayer Count:	7
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2012

Picture source: United States Department of Transportation
https://www.dot.gov/fastlane/grants-ferry-service-give-americans-transportation-options-they-need

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Description

Sales or use of passenger motor vehicles used primarily for commuter ride-sharing or transportation of persons with special needs are exempt from retail sales and use taxes. The vehicles must be used as ride-sharing vehicles for thirty-six consecutive months beginning from the date of purchase or first use.

To qualify under commuter ride sharing, the vehicle must be carrying five or six passengers and be operated in a county that has adopted and implemented a commute trip reduction plan. Additionally, one of the following must apply:

- The vehicle is operated by a public transportation agency for the general public, or
- The vehicle is used by a major employer as an element of its commute trip reduction program, or
- The vehicle is owned and operated by individual employees and is registered with either the employer or with a public transportation agency servicing the area where the employees live or work.

Purpose

To encourage ride-sharing for fuel conservation purposes, to help reduce traffic congestion, and to assist in addressing the requirements of the Commute Trip Reduction Act, the Growth Management Act, the Americans with Disabilities Act, and the Clean Air Act.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.005	$1.047	$1.080	$1.094
Local Taxes	$0.365	$0.380	$0.392	$0.397

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.959	$1.080	$1.094
Local Taxes	$0.000	$0.349	$0.392	$0.397

Assumptions

- The growth rate will mirror the auto sales growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Continued

82.08.0287; 82.12.0282 - Ride-sharing vehicles

Data Sources

- Washington State Department of Revenue Taxpayer Data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Ride Share Vehicle Dealers and Purchasers
Taxpayer Count:	70
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2011

82.08.02875 - Football stadium and exhibition center parking

Description

Charges for parking vehicles at facilities owned by a public stadium authority are exempt from retail sales and use tax if the authority levies a local parking tax under RCW 36.38.040 to help finance construction and operation of the football stadium and adjoining exhibition center.

Purpose

To avoid charging parking customers both the local parking tax and retail sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1997
Primary Beneficiaries:	The Public Stadium Authority and users of the parking facility at Century Link Field/Exhibition Center
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.0288; 82.12.0283 - Leased irrigation equipment

Description

Leases of irrigation equipment are exempt from retail sales and use tax, if:

- The lessor purchased the equipment to irrigate land they control,
- The lessor paid sales or use tax on the equipment,
- The equipment is attached to the land,
- The equipment is an incidental part of the land lease, and
- The equipment is not used in the production of marijuana.

Purpose

Normally, persons who lease tangible personal property pay sales tax to the lessor. However, in this instance, the owner of the land previously paid the sales tax on the equipment. For sales tax to apply at the lessee level, the original acquisition of the equipment by the lessor would be an exempt sale for resale.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.941	$3.030	$3.120	$3.214
Local Taxes	$0.789	$0.813	$0.837	$0.862

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.777	$3.120	$3.414
Local Taxes	$0.000	$0.677	$0.837	$0.862

Assumptions

- Washington farmers irrigated over 1.6 million acres according to the 2012 Ag Census.
- On average 15% of irrigation systems are on leased land.
- According to the 2008 irrigation survey, Washington farmers spent $45.57 million on irrigation maintenance and repairs. That averages to $30.04 per acre.
- Using data from the irrigation survey reduces this estimate compared to prior estimates.
- July 1, 2016 effective date.

Data Sources

- United States Department of Agriculture 2008 irrigation survey
- 2012 USDA census data.
- Northwest Agricultural Irrigation Market Characterization and Baseline Study

Continued

82.08.0288; 82.12.0283 - Leased irrigation equipment

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1983
Primary Beneficiaries:	Farmers that lease land which includes irrigation equipment
Taxpayer Count:	Unknown. Over 14,000 farms use irrigation
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0291; 82.12.02917 - Recreation services and physical fitness classes

Description

Amusement, recreation and physical fitness services provided by nonprofit youth organizations to members of the organization and physical fitness classes provided by a local government are exempt from retail sales and use tax.

Purpose

To support the activities of youth organizations and to clarify that fees for physical fitness classes by local governments are not enterprise income.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$11.586	$11.933	$12.291	$12.660
Local Taxes	$4.402	$4.534	$4.670	$4.810

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$10.938	$12.291	$12.660
Local Taxes	$0.000	$3.668	$4.670	$4.810

Assumptions

- Forty-five percent of young men and women association's income is exempt.
- Total income in Fiscal Year 2014 is $245.13 million.
- Three percent annual growth.

Data Sources

- Urban Institute National Center for Charitable Statistics detailed NTEE data
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit youth organizations and their members
Taxpayer Count:	600
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.02915; 82.12.02915 - Housing for youth in crisis

Description

Nonprofit health or social welfare organizations are exempt from retail sales and use taxes on purchases of materials used in the construction of licensed alternative housing facilities for youth who are "in crisis." The exemption does not extend to charges for labor or services associated with the construction of these facilities.

Purpose

To encourage construction of shelters for youth who have left home.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.080	$0.084	$0.088	$0.092
Local Taxes	$0.030	$0.032	$0.033	$0.035

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.077	$0.088	$0.092
Local Taxes	$0.000	$0.026	$0.033	$0.035

Assumptions

- New construction accounts for 10 percent of total value.
- 5 percent growth in Assessed Values.

Data Sources

- Department of Social and Health Services, child welfare group home contracts
- Runstad Center for Real Estate Studies, University of Washington, median home values by county

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit organizations that house youth in crisis
Taxpayer Count:	50
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.0293; 82.12.0293 - Food and food ingredients

Description

Food and food ingredients purchased for human consumption are exempt from retail sales and use tax. The definition of food and food ingredients excludes alcoholic beverages, tobacco products, marijuana, useable marijuana, and marijuana-infused products.

The exemption does not apply to soft drinks, dietary supplements, and prepared foods, except when furnished, prepared, or served as meals to certain qualified low-income, disabled, or senior citizens as described in RCW 82.08.0293(3).

Purpose

To lessen the regressivity of the sales tax and to reduce the cost of essential items.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1,148.976	$1,203.564	$1,260.709	$1,320.531
Local Taxes	$436.540	$457.280	$478.992	$501.721

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1,103.267	$1,260.709	$1,320.531
Local Taxes	$0.000	$419.174	$478.992	$501.721

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Office of Financial Management. Forecast of the State Population by Age and Sex - November 2014.
- Legacy Management Group, LLC
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1982
Primary Beneficiaries:	Consumers who purchase food products
Taxpayer Count:	7,142,203
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.0294; 82.12.0294 - Fish feed for aquaculture

Description

Persons who raise fish in confined rearing areas for sale are exempt from retail sales and use tax on purchases of feed.

Purpose

To provide equivalent treatment with farmers whose purchases of feed for their livestock are exempt from sales and use tax. This recognizes that aquaculture and agriculture are similar activities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.090	$0.090	$0.090	$0.090
Local Taxes	$0.033	$0.033	$0.033	$0.033

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.083	$0.090	$0.090
Local Taxes	$0.000	$0.030	$0.033	$0.033

Assumptions

- All fish food sellers are registered and reporting.
- No growth, estimate based on five year average.
- July 1, 2016 effective date, with 11 months cash collections in Fiscal Year 2017.

Data Sources

Department of Revenue tax return data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1985
Primary Beneficiaries:	Fish farmers
Taxpayer Count:	50
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0296; 82.12.0296 - Livestock feed

Description

Feed consumed by livestock at public livestock markets is exempt from the sales and use tax.

Purpose

Feed sold to farmers is already exempt from the sales and use tax. This provision extends the exemption to feed consumed by livestock (e.g., cattle) while awaiting sale at a livestock market.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.114	$0.114	$0.114	$0.114
Local Taxes	$0.007	$0.007	$0.007	$0.007

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.104	$0.114	$0.114
Local Taxes	$0.000	$0.006	$0.007	$0.007

Assumptions

- On average, livestock are kept at public markets one day before being sold.
- An average is used due to variability in the expense amounts, with no growth.

Data Sources

- US Ag Census http://www.nass.usda.gov/wa/
- http://www.nass.usda.gov/wa/agri1feb.pdf
- http://agr.wa.gov/FoodAnimal/Livestock/LicensedCertifiedFeedlotsPublicMarkets.aspx

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1986
Primary Beneficiaries:	Operators of public livestock markets
Taxpayer Count:	6
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0297; 82.12.0297 - Food stamp purchases

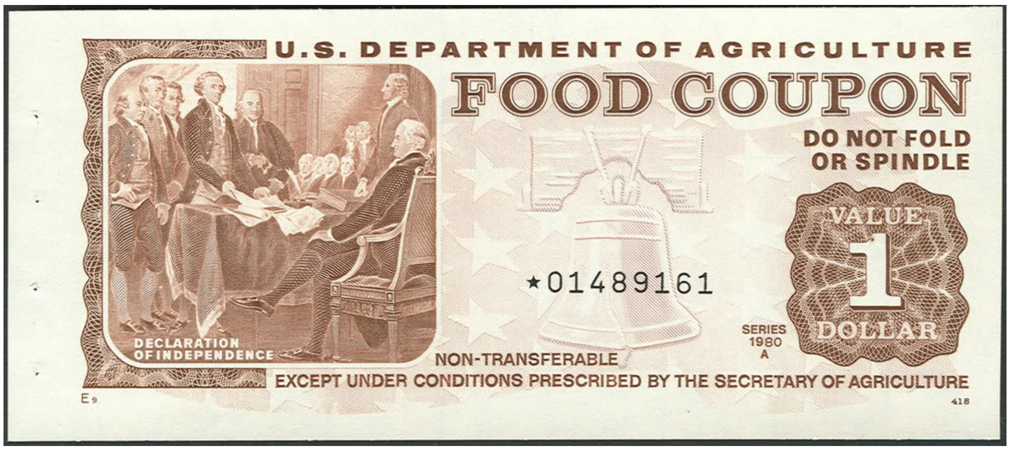
Description

Food items that are taxable in Washington and eligible for purchase with food stamps issued by the U.S. Department of Agriculture are exempt from retail sales and use tax. This includes products such as:

- soft drinks,
- vitamins, and
- cold, prepared deli items not considered as food items for home consumption.

Purpose

Federal law requires states to exempt food stamp purchases from sales tax as a condition of participation in the federal food stamp program.



Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.417	$16.261	$16.111	$15.968
Local Taxes	$6.237	$6.178	$6.121	$6.067

Repeal of exemption

Repealing this exemption would increase revenues. However, the state would have to forego participation in the federal food stamp program.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.906	$16.111	$15.968
Local Taxes	$0.000	$5.663	$6.121	$6.067

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Continued

82.08.0297; 82.12.0297 - Food stamp purchases

Data Sources

- Office of Financial Management. Forecast of the State Population by Age and Sex, November 2014
- Legacy Management Group, LLC
- Department of Revenue excise tax return data
- Department of Social and Health Services data

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1987
Primary Beneficiaries:	Food stamp recipients
Taxpayer Count:	1,475,736
Program Inconsistency:	Yes; the definition of products eligible for sales tax exemption in RCW 82.08.0293 does not exactly correspond with the products which the federal government allows to be purchased with food stamps
JLARC Review:	Excluded from JLARC review

82.08.0298; 82.12.0298 - Commercial fishing boat fuel

Description

Diesel fuel used by vessels engaged in commercial deep-sea fishing or in the operation of commercial charter fishing boats is exempt from retail sales and use taxes. These vessels must regularly operate outside of state territorial waters and the gross income from fishing must be at least $5,000 annually.

Purpose

Recognizes that the majority of such fuel is consumed outside of the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.007	$2.165	$2.240	$2.297
Local Taxes	$0.762	$0.822	$0.851	$0.873

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.984	$2.240	$2.297
Local Taxes	$0.000	$0.754	$0.851	$0.873

Assumptions

- Fuel usage will be constant each year.
- The growth rate will mirror the Oil Price growth rate reflected in the February 2015 economic forecast.
- Price per gallon of diesel will be the average 2014 price per gallon for the west coast (excluding California) market for diesel fuel.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Economic & Revenue Forecast Council February 2015 Forecast
- United States Energy Information Administration

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Fisheries- Commercial
Taxpayer Count:	312
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.0299 - Lodging for homeless people

Description

Emergency lodging provided to homeless persons under a shelter voucher program is exempt from sales tax. The exemption applies for a period of up to 30 consecutive days per recipient, and the voucher must be given by a local government agency or private organization that provides emergency food and shelter for homeless persons.

Purpose

To reduce the cost of providing housing services for the homeless.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.029	$0.030	$0.031	$0.032
Local Taxes	$0.029	$0.030	$0.031	$0.032

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.028	$0.031	$0.032
Local Taxes	$0.000	$0.025	$0.031	$0.032

Assumptions

- The city of Seattle's voucher program cost $316,800.
- Assume the rest of the state is about that too for $634,000 total
- Average voucher is $80-$100.
- Due to the 2 percent state shared hotel motel tax, the state impact is based on overall rate of 4.5 percent and the local impact is based on 4.4696 percent rate.
- July 1, 2016 effective date with 11 months collections in Fiscal Year 2017.

Data Sources

- http://www.kirotv.com/news/news/seattle-motel-vouchers-offer-temporary-living-high/nbx9q/
- Seattle Human Services Department
- Department of Commerce

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1988
Primary Beneficiaries:	The local jurisdictions and nonprofit organizations that purchase the hotel vouchers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2012

82.08.031; 82.12.031 - Artistic and cultural organizations

Description

Artistic or cultural organizations are exempt from retail sales and use tax on purchases of items acquired for purposes of exhibition or presentation to the general public. These items include objects of art, items with cultural value, objects used to create art (other than tools), and items used in displaying art and presenting cultural presentations and performances.

Purpose

To support these organizations and the social benefits they provide.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.940	$2.050	$2.150	$2.260
Local Taxes	$0.721	$0.759	$0.798	$0.836

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.880	$2.150	$2.260
Local Taxes	$0.000	$0.630	$0.798	$0.836

Assumptions

- Growth in Arts and cultural purchases will mirror retail sales growth.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1981
Primary Beneficiaries:	Nonprofit art and cultural organizations
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2013

82.08.0315; 82.12.0315 - Film and video production equipment or services

Description

Materials and supplies used directly in packing fresh, perishable horticultural products are exempt from retail sales and use tax (RCW 82.04.4287).

Purpose

To support the agricultural industry. The exemption complements the B&O tax deduction for processors of fresh horticultural products.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.513	$0.549	$0.587	$0.628
Local Taxes	$0.138	$0.147	$0.158	$0.169

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.503	$0.587	$0.628
Local Taxes	$0.000	$0.123	$0.158	$0.169

Assumptions

- 7 percent growth due to variability in production value.
- The cost of packaging materials equals 0.25 percent of production value.

Data Sources

- United States Department of Agriculture, Census of Agriculture
- 2013 Washington Annual Agriculture Bulletin

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1988
Primary Beneficiaries:	Fruit and vegetable packers
Taxpayer Count:	70
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.0316; 82.12.0316 - Cigarettes, tribal contracts

Description

Sales of cigarettes by Indian retailers are exempt from retail sales and use tax if their tribes have entered into a cigarette tax contract with the state of Washington.

Purpose

Cigarette contracts between the state and Indian tribes are intended to provide consistency in the regulation and taxation of cigarettes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$16.300	$16.300	$16.300	$16.300
Local Taxes	$6.300	$6.300	$6.300	$6.300

Repeal of exemption

Repealing this exemption would not increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Repeal of this exemption would not increase revenues.

Data Sources

Department of Revenue tribal cigarette sales data

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	State, local and tribal governments
Taxpayer Count:	Not applicable
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.08.032; 82.12.032 - Used park-model trailers

Description

The sale, rental, or lease, in excess of 30 days, of a used park-model trailer, is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used park-model trailers and residential real estate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.289	$0.303	$0.314	$0.324
Local Taxes	$0.110	$0.115	$0.119	$0.123

Repeal of exemption

Repealing this exemption would increase revenues

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.278	$0.314	$0.324
Local Taxes	$0.000	$0.106	$0.119	$0.123

Assumptions

- If this exemption were repealed the applicability of the Real Estate Excise Tax (REET) to these transactions would likely be addressed as well.
- For the purpose of this estimate an elimination of REET is not considered.
- Business and Occupation (B&O) tax implication not considered in this estimate.
- Eleven months of cash collections in Fiscal Year 2017, and twelve months in all subsequent years.
- Growth in total value of sold and rented mobile homes will mirror the forecasted growth rate of REET.

Data Sources

- National Association of Realtors
- Washington State Economic and Revenue Forecast Council, February 2015 forecast
- Washington State Department of Revenue 2012 Exemption Study

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2001
Primary Beneficiaries:	Purchasers of park model trailers
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.033; 82.12.033 - Used mobile homes

Description

The sale, rental, or lease, in excess of 30 days, of a used mobile home attached to the land, is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used mobile homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.527	$3.708	$3.835	$3.964
Local Taxes	$1.340	$1.409	$1.457	$1.506

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.398	$3.835	$3.964
Local Taxes	$0.000	$1.291	$1.457	$1.506

Assumptions

- If this exemption were repealed the applicability of the Real Estate Excise Tax (REET) to these transactions would likely be addressed as well.
- For the purpose of this estimate an elimination of REET is not estimated.
- Business and Occupation (B&O) tax implication not considered in this estimate.
- Growth in total value of sold and rented mobile homes will mirror the forecasted growth rate of REET.
- Little data exists on mobile home rental units. Assumed average rental price is exclusive of rental price of land.
- Eleven months of cash collections in Fiscal Year 2017.
- Twelve months in all subsequent years.

Data Sources

- Zillow.com
- National Association of Realtors
- Washington State Economic and Revenue Forecast Council, February 2015 forecast

Continued

82.08.033; 82.12.033 - Used mobile homes

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1979
Primary Beneficiaries:	Long-term renters and purchasers of used mobile homes
Taxpayer Count:	7,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.034; 82.12.034 - Used floating homes

Description

The sale, rental or lease, in excess of 30 days, of a used floating home as defined in RCW 82.45.032 is exempt from retail sales and use tax.

Purpose

To provide consist tax treatment for used floating homes and residential real estate.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.373	$0.392	$0.406	$0.419
Local Taxes	$0.161	$0.169	$0.175	$0.180

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.360	$0.406	$0.419
Local Taxes	$0.000	$0.155	$0.175	$0.180

Assumptions

- The expiration of this exemption would likely coincide with the elimination of Real Estate Excise Tax (REET) for sales of floating homes. Consideration of that is beyond the scope of this estimate.
- Annual growth rates are the same as the REET growth rate provided by the Economic & Revenue Forecast Council.
- REET growth rate was used as opposed to retail sales because the sales of floating homes is more closely aligned with the sales of residential real estate than it is with general retail sales.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Department of Revenue excise tax data
- Zillow.com
- Economic & Revenue Forecast Council - February 2015 forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1984
Primary Beneficiaries:	Purchasers of floating homes
Taxpayer Count:	Approximately 10 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.08.036; 82.12.038 - Core deposits & tire fees

Description

The value of returnable products such as batteries, starters, and brakes accepted by vendors for recycling or remanufacturing in a retail or wholesale sale is exempt from retail sales and use taxes. The $1.00 tire assessment imposed under RCW 70.95.510 is also exempt from sales and use taxes.

Purpose

Items returned for recycling or remanufacturing are also exempt as trade-ins, so this exemption in not needed. The exemption for the tire fee assures that sales tax is not charged on another tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Core deposits charges are trade-ins and are already exempt.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.037; 82.12.037 - Bad debts

Description

A seller may take a credit or refund on sales tax previously paid on "bad debts". A "bad debt" is a debt that is not collectable. Only the original seller may claim a credit or refund; claims are not assignable to third parties.

Purpose

To limit a seller's tax liability on sales for which the seller does not receive payment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$6.538	$6.736	$6.940	$7.150
Local Taxes	$2.484	$2.559	$2.637	$2.717

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.175	$6.940	$7.150
Local Taxes	$0.000	$2.346	$2.637	$2.717

Assumptions

- Bad debt claims can now be taken only by the original seller, they cannot be assigned or assumed by third parties (e.g. banks who purchase the receivables.)
- July 1, 2016 effective date results in 11 months of cash collections for Fiscal Year 2017.
- Growth rate mirrors the growth rate of sales tax collections reflected in the Economic and Revenue Forecast Council's February 2015 forecast.
- The average local tax rate is 2.47 percent.

Data Sources

- Department of Revenue tax return data
- Economic and Revenue Forecast Council, February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1982
Primary Beneficiaries:	Businesses that collect and remit sales tax
Taxpayer Count:	3,500
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.050(11); 82.12.040(5) - Sellers with limited Washington connection

Description

Sellers with a limited connection to this state are exempt from the requirement to collect retail sales tax. Specifically, this exemption from the duty to collect sales tax applies to a seller if its activities in Washington, whether conducted directly or through another person, are limited to:

- Storage, dissemination, or display of advertising,
- Taking orders, or
- Processing payments.

The seller's activities must be conducted electronically from a website on a server or other computer equipment located in Washington that is not owned or operated by the seller or by an affiliated person.

This exemption expires when (a) The United States congress grants states the authority to impose sales and use tax collection duties on remote sellers; or (b) a court, in a judgment not subject to review, determines that a state can impose sales and use tax collection duties on remote sellers.

Purpose

At the time this exemption was enacted, such sales were not taxable due to the federal Internet Tax Freedom Act (ITFA), which has been extended and is currently in effect. This exemption was enacted in case the ITFA is not in effect.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption could possibly increase revenues if the current federal moratorium (commonly known as the Internet Freedom Act) prohibiting state and local governments from imposing multiple or discriminatory taxes on electronic commerce is also allowed to expire. This moratorium is currently scheduled to expire on December 11, 2015.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The impact is zero assuming the Internet Tax Freedom Act will be extended past December 11, 2015.

Continued

82.08.050(11); 82.12.040(5) - Sellers with limited Washington connection

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Sellers with a limited connection to this state
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.080 - Vending machine sales

Description

The selling price for calculating the retail sales tax on sales of tangible personal property made through a vending machine is 60 percent of the gross receipts of the total sales made through the machine.

Purpose

To clarify and ease the calculation of retail sales tax on items sold through a vending machine at a fixed price.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.930	$0.930	$0.930	$0.930
Local Taxes	$0.353	$0.353	$0.353	$0.353

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.853	$0.930	$0.930
Local Taxes	$0.000	$0.294	$0.353	$0.353

Assumptions

- Used deduction data for line 1, deduction 22 for vending machine operators (NAIC 454210).
- Adjusted for venders who did not take the deduction.
- Assume vending sales will remain constant so no growth.

Data Sources

- Department of Revenue excise tax data
- United States Census data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1935
Primary Beneficiaries:	Operators of vending machines
Taxpayer Count:	350
Program Inconsistency:	None
JLARC Review:	JLARC did an expedited review in 2014

82.08.200; 82.12.200 - Honey Beekeepers Feed

Description

Eligible beekeepers that raise bee colonies to make honey bee products are exempt from paying retail sales and use tax on purchases or use of bee feed. To qualify for this exemption, the buyer must provide the seller with an exemption certificate, as required by the Department. This exemption expires on July 1, 2017.

Purpose

To extend the tax preferences passed by the Legislature in 2008 and renewed in 2013 to assist the apiary industry while it confronts colony collapse disorder.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.061	$0.061	$0.061	$0.061
Local Taxes	$0.010	$0.010	$0.010	$0.010

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.056	$0.061	$0.061
Local Taxes	$0.000	$0.008	$0.010	$0.010

Continued

82.08.200; 82.12.200 - Honey Beekeepers Feed

Assumptions

- There are approximately 300 apiarists and bee brokers that are registered with the Department of Agriculture.
- Under ideal conditions, honey bees should not have to be fed.
  - Similar to most agricultural crops, apiarists have good years and bad years and during bad years it is necessary to feed honey bees.
  - Newly established hives also require feed.
- There are commercial bee feeds and some apiarists use a sugar/water syrup solution.
- Half of the registered bee hives, approximately 37,800 hives would require apiarists to purchase bee feed to sustain the colonies.
- The average apiarist spends $25 on bee feed a year per deficient hive.
- Apiarists spend an average of $945,000 per year to feed bee colonies.
- Many factors can affect the health of bee colonies and beekeeping is a small, specialized industry so there will be no overall growth in revenue loss.

Data Sources

- http://westmtnapiary.com/bee_diet.html
- http://www.agf.gov.bc.ca/apiculture/factsheets/410_nutrition.htm
- Department of Agriculture Apiarist list of registered hives

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2013
Primary Beneficiaries:	Registered Apiarists
Taxpayer Count:	50
Program Inconsistency:	None
JLARC Review:	Excluded from JLARC review

82.08.205; 82.12.205 - Clay Targets

Description

Clay targets purchased by nonprofit gun clubs are exempt from retail sales and use tax when the targets are used in providing the activity of clay target shooting for a fee. The exemption expires July 1, 2017.

Purpose

To provide a temporary exemption from retail sales and use tax on a business consumable.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.016	$0.017	$0.000	$0.000
Local Taxes	$0.006	$0.007	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.016	$0.001	$0.000
Local Taxes	$0.000	$0.006	$0.001	$0.000

Assumptions

- All taxpayers using this exemption are properly reporting as a deduction on their excise tax returns and not just excluding from gross income.
- Annual growth rates are the same as the retail sales growth rate provided by the Economic & Revenue Forecast Council.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- June 30, 2017 expiration date, with one month of collections in Fiscal Year 2018.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council - February 2015 forecast

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	Nonprofit gun clubs
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.207; 82.12.207 - Standard Financial Information

Description

Qualifying international investment management service companies (IIMS) are exempt from sales and use taxes when they purchase or use standard financial information. The purchases are exempt regardless of how the information is transmitted to the buyer:

- digital download,
- over the Internet, or
- tangible media such as a disc or via paper.

A buyer may claim the exemption on no more than $15 million in purchases per calendar year. This exemption expires July 1, 2021.

Purpose

To exempt certain standard financial information, purchased by international investment management companies, from sales and use taxes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.550	$0.609	$0.673	$0.742
Local Taxes	$0.209	$0.231	$0.255	$0.281

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.558	$0.673	$0.742
Local Taxes	$0.000	$0.212	$0.255	$0.281

Assumptions

- The purchase of standard financial information is assumed to be related to the number of research employees and the intensity of research.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date

Data Sources

- Department of Revenue excise tax data
- Employment Security employment data for IIMS firms.
- Financial and other reports for total U.S. and worldwide employment.
- United States Census Bureau's "E-Stats" table for services in 2012 and 2013 and in earlier years.

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	International investment management firms
Taxpayer Count:	140
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.08.210; 82.12.210 - Flavor imparters - Restaurants

Description

Restaurants are exempt from the sales and use tax for products used for flavoring that are completely or substantially consumed by combustion during the cooking process, such as wood chips, charcoal, charcoal briquettes, and grape vines. Products that support the food during the cooking process and are comprised entirely of wood, such as cedar grilling planks are also exempt. The exemption does not apply to any gas fuels. This exemption expires July 1, 2017.

Purpose

To provide a temporary exemption from retail sales and use tax on a business consumable.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.056	$0.560	$0.000	$0.000
Local Taxes	$0.021	$0.021	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.051	$0.005	$0.000
Local Taxes	$0.000	$0.019	$0.002	$0.000

Assumptions

- This exemption is set to expire July 1, 2017.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- July 1, 2017 expiration date, with 1 month of collections in Fiscal Year 2018.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2013
Primary Beneficiaries:	Restaurants
Taxpayer Count:	3
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.215; 82.12.215 - Nonresident Large Private Airplanes

Description

Sales of large private airplanes to nonresidents are exempt from retail sales and use tax when the airplanes are not required to be registered with the department of transportation under chapter 47.68 RCW. The exemption also applies to charges made for repairing, cleaning, altering or improving large private airplanes owned by nonresidents. This exemption expires July 1, 2021.

Purpose

To encourage nonresidents to utilize Washington businesses for the purchase, maintenance and repair of large airplanes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.625	$1.625	$1.625	$1.625
Local Taxes	$0.618	$0.618	$0.618	$0.618

Repeal of exemption

Repealing this exemption would lead to a small increase in revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.490	$1.625	$1.625
Local Taxes	$0.000	$0.566	$0.618	$0.618

Assumptions

Five planes will be modified over ten years with the cost for all five modifications totaling $250,000,000.

Data Sources

- Department of Revenue audit data
- Department of Revenue excise tax data
- Industry sources

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2013
Primary Beneficiaries:	Taxpayers who modify large planes
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC is scheduled to review in 2016

82.08.220; 82.12.220 - Fuel Used by Mint Growers

Description

Mint grower purchases of liquid propane and natural gas used to distill mint on a farm are exempt from sales and use tax. This exemption expires July 1, 2017.

Purpose

To incentivize Washington's mint growers to transition from the use of diesel to cleaner burning fuels while distilling mint on a farm.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.160	$0.160	$0.000	$0.000
Local Taxes	$0.061	$0.061	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.147	$0.013	$0.000
Local Taxes	$0.000	$0.056	$0.005	$0.000

Continued

82.08.220; 82.12.220 - Fuel Used by Mint Growers

Assumptions

- Approximately 33,000 mint acreage harvested in 2013.
- 50 percent of mint harvested is initially distilled with propane or natural gas.
- Uses 57 gallons pf propane to distill one acre of mint into oil.
- Average price of $2.75 per gallon for propane.
- The mint industry tends to fluctuate from year to year, so it is assumed there is no annual growth.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- July 1, 2017 expiration date, with 1 month of collections in Fiscal Year 2018.

Data Sources

- United States Agricultural Census
- Farwest Spearmint http://www.farwestspearmint.org/handlers.htm
- "Mint Oil Energy Consumption, Energy Use Efficiency and Distillation Processes - A Review of Essential Oil Extraction Technologies" A Study done by University of Wisconsin-Madison August, 2011
- Distillation data from Washington Mint Commission

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2013
Primary Beneficiaries:	Mint growers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.700; 82.12.700 - Boats sold to nonresidents - in-state use permit

Description

A retail sales and use tax exemption is provided for sales to a nonresident of vessels at least 30 feet in length from a Washington dealer if the purchaser displays a valid use permit. The purchaser must make an irrevocable election to take the exemption authorized under this statute or the exemption in either RCWs 82.08.0266 or 82.08.02665. The permit issued under this statute is valid for 12 consecutive months from the date of issuance and is not renewable.

Purpose

To increase the time that a boat owned by a nonresident can remain in Washington waters. This helps to encourage purchases of new boats from Washington dealers and also increases tourism.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.743	$0.791	$0.844	$0.886
Local Taxes	$0.289	$0.307	$0.328	$0.343

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.742	$0.844	$0.886
Local Taxes	$0.000	$0.282	$0.328	$0.343

Assumptions

- Average number of permits issued each year is 33, based on 2010-2013 data.
- The growth rate will mirror the Real Nonresidential Fixed Investment growth rate reflected in the February 2105 economic forecast.
- The permit fee will offset some of the tax savings recognized by the taxpayer.
- Average vessel value is approximately $300,000.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Data
- Economic & Revenue Forecast Council February 2015 Forecast

Continued

82.08.700; 82.12.700 - Boats sold to nonresidents - in-state use permit

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2007
Primary Beneficiaries:	Nonresident Boat Owners
Taxpayer Count:	33
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2021

82.08.803; 82.12.803 - Nebulizers

Description

A nebulizer is a device that converts a liquid medication into a mist that the patient inhales. Nebulizers prescribed for human use by a physician are exempt from retail sales and use tax. The exemption includes repair and replacement parts for nebulizers, as well as labor and service charges for cleaning, repairing, etc. Sellers must collect the sales tax, and the buyer must apply to the Department of Revenue for a refund.

Purpose

Reduces the cost of nebulizers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.450	$0.450	$0.450	$0.450
Local Taxes	$0.171	$0.171	$0.171	$0.171

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.413	$0.450	$0.450
Local Taxes	$0.000	$0.157	$0.171	$0.171

Assumptions

- Growth will be zero.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Home Care Magazine. Brook Raflo
  http://homecaremag.com/mag/medical_stemming_tide/
  Downloaded July, 2011

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Persons who use prescribed nebulizers
Taxpayer Count:	42,891
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.804; 82.12.804 - Ostomic items

Description

Ostomic items used by colostomy, ileostomy or urostomy patients are exempt from retail sales and use tax. Ostomic items refer to disposable medical supplies such as bags, belts, tape, tubes, soap, jellies, germicides, etc. The exemption does not extend to undergarments, pads or shields, sponges or rubber sheets.

Purpose

Reduces the cost of ostomic items.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.281	$0.281	$0.281	$0.281
Local Taxes	$0.107	$0.107	$0.107	$0.107

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.257	$0.281	$0.281
Local Taxes	$0.000	$0.098	$0.107	$0.107

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- No growth.

Data Sources

Washington State Department of Social and Health Services

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Colostomy, ileostomy or urostomy patients
Taxpayer Count:	11,073
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.805; 82.12.805 - Aluminum smelter purchases

Description

Personal property used at an aluminum smelter, tangible personal property incorporated into buildings or other structures at an aluminum smelter, and labor and services rendered with respect to such personal property, buildings, and structures are exempt from the state portion of retail sales and use tax. The exemption is taken in the form of a B&O tax credit. This exemption expires on January 1, 2027.

Purpose

To support the aluminum industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Aluminum manufacturing companies
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.08.806; 82.12.806 - Computer equipment for printers and publishers

Description

Purchases of computer equipment and software used primarily in the printing and publishing of all printed materials, and including installation and other related services, are exempt from retail sales and use taxes. Digital cameras are also exempted, but not computers and software used primarily for administrative purposes.

Purpose

To provide a tax incentive for the printing and publishing industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.590	$0.598	$0.606	$0.614
Local Taxes	$0.224	$0.227	$0.230	$0.233

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.548	$0.606	$0.614
Local Taxes	$0.000	$0.208	$0.230	$0.233

Assumptions

- The average annual growth rate for printing activities, and thus for the purchase of exempt computers, software, etc., is 1.3 percent.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Commodity demand and commodity production reports, for the six relevant printing, NAICS from the 2015 Implan model for Washington State
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2004
Primary Beneficiaries:	Newspapers and other printers and publishers
Taxpayer Count:	600
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.807; 82.12.807 - Direct mail delivery charges

Description

Delivery charges made for direct mail are exempt from retail sales and use tax if the charges are stated separately on the bill given to the purchaser. Direct mail refers to printed material delivered without charge to a mass audience or a mailing list provided by the purchaser.

Purpose

To exempt from taxation delivery charges (postage) for direct mail.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.251	$0.265	$0.278	$0.290
Local Taxes	$0.000	$0.101	$0.106	$0.110

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.242	$0.278	$0.290
Local Taxes	$0.000	$0.092	$0.106	$0.110

Assumptions

- Retail sales growth rate forecast is used for this estimate.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Large mailing customers have their own mailing permits and therefore would not be purchasing the postage part of mailing services.
- Large direct mailers service large firms and those direct mailers with annual gross income over $750,000 would not be selling the postage part of mailing services.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2005
Primary Beneficiaries:	Direct mailers paying for delivery
Taxpayer Count:	130
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.808; 82.12.808 - Comprehensive cancer centers

Description

Sales of medical supplies, chemicals, or materials to a comprehensive cancer center are exempt from retail sales and use taxes. The exemption does not extend to construction, office equipment, building equipment, administrative supplies or vehicles.

Purpose

To encourage cancer research by a comprehensive cancer center as defined in RCW 82.04.4265.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

It is believed that only one entity benefits from this exemption and therefore the impact cannot be disclosed.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Comprehensive cancer centers
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.809; 82.12.809 - Alternative fuel vehicles

Description

Retail sales and use tax does not apply to sales of new passenger cars, light duty trucks, and medium duty vehicles which are powered exclusively by a clean alternative fuel defined as natural gas, propane, hydrogen or electricity. The exemption was broadened to include vehicles that use at least one method of propulsion that is capable of being recharged from an external source of electricity and are capable of traveling at least thirty miles using only battery power. Vehicles with a selling price plus trade-in value of more than $35,000 are not exempt from the sales or use tax.

Leased vehicles also qualify for the exemption as follows:
- For lease agreements signed on or after the effective date of this section, lease payments are exempt if the fair market value of the vehicle is $35,000 or less at the inception of the lease.
- For lease agreements signed before the effective date of this section, lease payments are exempt regardless of the fair market value of the vehicle at the inception of the lease.

This exemption expires July 1, 2019.

Purpose

To encourage the sale of alternative fuel vehicles.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.348	$4.018	$4.419	$4.862
Local Taxes	$1.074	$1.418	$1.560	$1.716

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.689	$4.419	$4.862
Local Taxes	$0.000	$1.300	$1.560	$1.716

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Industry sources

Continued

82.08.809; 82.12.809 - Alternative fuel vehicles

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2005
Primary Beneficiaries:	Firms that sell, and customers that purchase alternative fuel vehicles
Taxpayer Count:	3,500
Program Inconsistency:	None evident.
JLARC Review:	JLARC completed an expedited review in 2013

82.08.810; 82.12.810 - Air pollution control facilities

Description

Construction of air pollution control facilities at a thermal electric generating facility placed in operation after 1969 and before July 1, 1975 is exempt from retail sales and use tax. The exemption is contingent upon production levels for the plant maintained above the 20 percent annual capacity factor between 2002 and 2023. All or a portion of the tax previously exempted must be repaid if production falls below this level.

Purpose

To encourage installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption will increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The Centralia Steam Plant facility will cease burning coal by 2025.
- No additional equipment purchases anticipated.

Data Sources

- None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	The Centralia thermal generating plant
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.811; 82.12.811 - Coal for thermal generating plants

Description

Purchases of coal used at a thermal electric generating facility placed in operation after December 3, 1969, and before July 1, 1995, are exempt from retail sales and use tax. The exemption is contingent upon the following:

- Owners of the plant demonstrate to the Department of Ecology that progress is being made to install the necessary air pollution control devices, and
- The facility has emitted no more than 10,000 tons of sulfur dioxide during the previous 12 months.

Purpose

To encourage installation of air pollution control devices at the Centralia coal fired thermal generating plant.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- The price of delivered coal is $20.00 per ton.

Data Sources

- Sources: EIA-923 and EIA-860 Reports for 2013.
- EIA-923 Monthly Generation and Fuel Consumption Time Series File, 2013 December

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	The Centralia thermal generating plant
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2014

82.08.816; 82.12.816 - Electric vehicle battery charging stations

Description

Sales of electric vehicle batteries and infrastructure are exempt from retail sales and use tax. This exemption expires January 1, 2020. The exemption is available on the sale of or charge made for:

- Batteries for electric vehicles.
- Labor and services rendered in respect to installing, repairing, altering, or improving electric vehicle batteries.
- Labor and services rendered in respect to installing, constructing, repairing, or improving electric vehicle infrastructure.
- Tangible personal property that will become a component of electric vehicle infrastructure during the course of installing, constructing, repairing, or improving electric vehicle infrastructure.

Purpose

To encourage the use of electric vehicles through the sale of electric vehicle batteries and the installation of electric vehicle infrastructure.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.175	$0.175	$0.175	$0.175
Local Taxes	$0.065	$0.065	$0.065	$0.065

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.160	$0.175	$0.175
Local Taxes	$0.000	$0.060	$0.065	$0.065

Assumptions

Assume that 110 recharging facilities are constructed annually at a cost of $24,000.

Data Sources

United States Department of Energy

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Owners of electric vehicles
Taxpayer Count:	5,000
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.820; 82.12.820 - Warehouses and grain elevators more than 200,000 square feet

Description

Certain warehouses and grain elevators are eligible for an exemption in the form of a remittance of the state retail sales and use tax paid on purchases of machinery and on materials and labor for construction of these facilities. The remittance does not include local sales and use taxes.

Warehouses that are more than 200,000 square feet in size receive an exemption equal to:

- 100 percent of the state retail sales and use taxes paid on construction, and
- 50 percent of the state retail sales and use taxes paid on equipment, including materials handling and racking equipment.

Grain elevators receive an exemption of state retail sales and use taxes paid based on capacity of the facility:

- 50 percent exemption with bushel capacity of 1 million, but less than 2 million, and
- 100 percent exemption with bushel capacity of 2 million or more.

Purpose

To encourage construction of warehouses and grain elevators in Washington and to increase the competitiveness of the warehouse and distribution industry in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.200	$5.400	$5.600	$5.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenue.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.900	$5.600	$5.800
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Tax savings (refunds) grow 4 percent a year.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Continued

82.08.820; 82.12.820 - Warehouses and grain elevators more than 200,000 square feet

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Warehouse firms, distribution centers, grain elevators
Taxpayer Count:	10
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.830 - Nonprofit camps and conference centers

Description

Items sold by nonprofit organizations at camps or conference centers are exempt from retail sales tax if:

- The sales takes place on property exempt from the property tax, and
- The income from the sale is exempt from B&O tax.

The exemption covers items such as lodging, parking, food and meals, books, tapes and other products available only to participants of the camp or conference center event and not to the general public.

Purpose

To reduce the cost of operating camps and conference centers and to support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.679	$0.699	$0.720	$0.741
Local Taxes	$0.258	$0.266	$0.274	$0.282

Repeal of exemption

Repealing this exemption would increase state revenues. Nonprofit organizations would collect and remit retail sales tax on items sold at camps and conference centers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.641	$0.720	$0.741
Local Taxes	$0.000	$0.221	$0.274	$0.282

Assumptions

- 70 percent of nonprofit income is from program services.
- 30 percent of nonprofit income comes from camps and conference centers.
- 10 percent of camp and conference income is from bookstore type sales.
- 3 percent growth.

Data Sources

- National Center for Charitable statistics
- American Camp Association http://www.acacamps.org/media/aca-facts-trends

Continued

82.08.830 - Nonprofit camps and conference centers

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1997
Primary Beneficiaries:	Participants at camps and conferences operated by nonprofit organizations
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	JLARC did an expedited review in 2014

82.08.832; 82.12.832 - Gun safes

Description

Sales of gun safes are exempt from retail sales and use tax. Gun safes are locked enclosures specifically designed to store firearms. The exemption does not include trigger lock devices.

Purpose

To encourage the purchase and use of gun safes.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.400	$0.422	$0.444	$0.463
Local Taxes	$0.152	$0.160	$0.168	$0.176

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.388	$0.444	$0.463
Local Taxes	$0.000	$0.147	$0.168	$0.176

Assumptions

- All taxpayer eligible for this exemption are reporting it correctly on their excise tax return.
- 11 months of cash collections in Fiscal Year 2017, 12 months in all subsequent years.
- Due to the volatility in firearms and firearms related sales and the uncertainty over future social and political developments the growth rate used in this forecast mirrors that of the rate for retail sales.

Data Sources

- Department of Revenue excise tax data
- Economic and Revenue Forecast Council, February 2016 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1998
Primary Beneficiaries:	Purchasers of gun safes
Taxpayer Count:	1,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.834; 82.12.834 - Regional Transit Authority Sales and Leasebacks

Description

Lease payments or options to purchase at the conclusion of a lease in conjunction with a sale and leaseback arrangement involving a regional transportation authority (RTA) are exempt from retail sales and use taxes. Qualification requires that the seller/lessee previously paid any tax otherwise due on the original acquisition of the tangible personal property.

Purpose

A sale and leaseback arrangement is a financing mechanism used by the RTA to acquire trains, buses, and transportation facilities. This exemption provides tax relief to the RTA.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The Internal Revenue Service changed its policy and no longer allows investors to write-off depreciation for federal taxes for sale and leaseback arrangements, so the RTA no longer uses this financing mechanism.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This financing mechanism is no longer used.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2000
Primary Beneficiaries:	Sound Transit and investors involved in a sales and leaseback arrangement
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.850; 82.12.850 - Conifer seedlings exported

Description

Sales of conifer seeds that are immediately placed in freezer storage operated by the seller are exempt from retail sales and use tax if they are used for growing timber:

- Outside of Washington, or
- In Indian country by an Indian tribe.

Purpose

To eliminate the tax disadvantage for Washington conifer seed producers compared with out-of-state producers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.031	$0.031	$0.031	$0.031
Local Taxes	$0.012	$0.012	$0.012	$0.012

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.029	$0.031	$0.031
Local Taxes	$0.000	$0.010	$0.012	$0.012

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Only a handful of businesses are likely to export conifer seedlings.

Data Sources

- www.forestseedlingnetwork.com
- Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	A small number of Washington vendors of forest seedlings
Taxpayer Count:	5
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.855; 82.12.855 - Farm machinery replacement parts and repair

Description

Replacement parts, including, installation or repair, for farm machinery primarily used in the production of agricultural products are exempt from retail sales and use taxes. The exemption is available to farmers actively engaged in producing agricultural products which resulted in at least $10,000 in gross proceeds in the previous year. Replacement parts do not include consumable supplies such as fuel or oil.

Purpose

Supports the agricultural industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$25.963	$26.667	$27.390	$28.132
Local Taxes	$6.497	$6.673	$6.853	$7.039

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$24.445	$27.390	$28.132
Local Taxes	$0.000	$6.117	$6.853	$7.039

Assumptions

- Annual growth mirrors the average from 2008-2012 growth per National Agricultural Statistics Service data.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Sixty-six percent of the total expense for Repairs, Supplies and Maintenance costs is the taxable cost of farm machinery replacement parts and cost of repairs.

Data Sources

- 2012 United States Census data
- Washington Annual Agricultural Bulletin: National Agricultural Statistic Service
- Department of Revenue Farming Exemption Certificate data

Continued

82.08.855; 82.12.855 - Farm machinery replacement parts and repair

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Farmers
Taxpayer Count:	4,500
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.865; 82.12.865 - Fuel used on farms

Description

Sales of diesel fuel, biodiesel fuel or aircraft fuel to a farmer or a person who provides horticulture services for farmers are exempt from retail sales and use taxes. The fuel may not be used on public highways or for heating of water or space for human habitation.

Purpose

Supports Washington farmers who use aircrafts on their farms for crop dusting.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.394	$15.921	$17.311	$19.563
Local Taxes	$3.852	$3.984	$4.331	$4.895

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.594	$17.311	$19.563
Local Taxes	$0.000	$3.652	$4.331	$4.895

Assumptions

- No growth rate for diesel consumption by farmers.
- Price of Washington Retail Diesel Price mirrors the Office of Financial Management forecast.
- Eleven months of collections in Fiscal Year 2018 due to June 30, 2017 expiration date.

Data Sources

- Joint Legislative Audit & Review Committee references
- Office of Financial Management- Forecast of Quarterly Fuel Prices June 2015
- United States Energy Information Administration (EIA) - Washington No 2 Diesel Sales/Deliveries to Farm Consumers
- Department of Revenue Excise Tax Data
- Washington State Department of Transportation Historical Diesel Prices

Continued

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2006
Primary Beneficiaries:	Washington farms or crop dusters that power their farm equipment or aircraft with diesel
Taxpayer Count:	800
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.870; 82.12.845 - Motorcycles used for rider training programs

Description

Retail sales tax does not apply to sales of motorcycles purchased for use in a motorcycle rider-training program conducted by the Department of Licensing (DOL). Use tax does not apply to motorcycles that are loaned to DOL for use in a motorcycle rider-training program, or to persons contracting with DOL to provide such training.

Purpose

Supports motorcycle rider-training programs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.003	$0.003	$0.003	$0.003
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.003	$0.003	$0.003
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- No new motorcycle training schools will open.
- One motorcycle purchase per year per school.
- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Performance Audit acct had less than $500 therefore is not included in the revenue impact above.

Data Sources

Department of Licensing

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2001
Primary Beneficiaries:	The Department of Licensing and their contractors who provide motorcycle training
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.875; 82.12.875 - Automotive adaptive equipment

Description

Eligible purchasers of prescribed add-on automotive adaptive equipment, including charges incurred for labor and services rendered in respect to the installation and repairing of such equipment are exempt from retail sales and use tax. The exemption only applies if the eligible purchaser receives a reimbursement in whole or part for the purchase by the United States Department of Veterans Affairs or other federal agency, and the reimbursement is paid directly by that federal agency to the seller. This exemption expires July 1, 2018.

Purpose

To decrease the costs of prescribed add-on automotive adaptive equipment to veterans.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	$0.000
Local Taxes	D	D	D	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2013
Primary Beneficiaries:	purchasers of prescribed add-on automotive adaptive equipment
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2017

82.08.880; 82.12.880 - Livestock medicine

Description

Pharmaceuticals used by farmers for livestock are exempt from retail sales and use tax. The United States Department of Agriculture or the United States Food and Drug Administration must approve the drug. The exemption applies to sales made directly to farmers or to veterinarians who in turn administer the medicine to livestock.

Purpose

Supports the agricultural industry by offsetting the high cost of medicines for livestock.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.141	$2.141	$2.141	$2.141
Local Taxes	$0.574	$0.574	$0.574	$0.574

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.962	$2.141	$2.141
Local Taxes	$0.000	$0.527	$0.574	$0.574

Assumptions

- Average for expenditures for medical supplies, veterinary and custom services for livestock is $65.9 million.
- 50 percent of these expenditures are for livestock medicine.
- Used a growth rate of zero percent as survey data shows major fluctuations in growth.
- Eleven months of collections in Fiscal Year 2017 due to the July 1, 2016 effective date.

Data Sources

- United States Department of Agriculture, annual Agricultural Resource Management Survey data
- Department of Revenue local tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Farmers who raise animals for sale
Taxpayer Count:	18,100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2015

82.08.890; 82.12.890 - Livestock nutrient management

Description

Equipment used for livestock nutrient management, including the maintenance and repair of equipment, as well as the installation in a facility, are exempt from retail sales and use tax. The exemption applies to purchases made after the management plan is certified pursuant to the law. The facilities and equipment must be used exclusively for the handling and treatment of livestock manure, including repair and replacement parts for such equipment.

Purpose

To support the Washington dairy industry and livestock feeding operations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.631	$0.631	$0.631	$0.631
Local Taxes	$0.169	$0.169	$0.169	$0.169

Repeal of exemption

Repealing this exemption would increase revenues. Operators of facilities used for livestock nutrient management would pay retail sales and use tax on equipment.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.579	$0.631	$0.631
Local Taxes	$0.000	$0.141	$0.169	$0.169

Assumptions

- There are 480 dairy farms in Washington State located in 29 counties.
- Approximately 80-90 business claim exempt sales to farmers
- Half of the businesses sell exempt nutrient management equipment to dairy farmers.
- About $2 million specifically deducted for livestock nutrient management on 0199 by 9 businesses in FY 2014.
- No growth due to varying data.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Dairies and livestock operations
Taxpayer Count:	480
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2015

82.08.900; 82.12.900 - Anaerobic digesters for dairies

Description

Dairy and livestock owners that build anaerobic digesters that primarily treat manure receive a retail sale and use tax exemption. The exemption covers construction, equipment and installation of the anaerobic digester. A person claiming this exemption must provide an application to the Department.

Purpose

To support the dairy and livestock industry in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.059	$0.059	$0.059	$0.059
Local Taxes	$0.016	$0.016	$0.016	$0.016

Repeal of exemption

Repealing this exemption would increase state revenues. Owners of anaerobic digesters would pay retail sale and use tax on digester construction and repairs.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.055	$0.059	$0.059
Local Taxes	$0.000	$0.013	$0.016	$0.016

Assumptions

- Eight dairy digesters per year.
- No growth due to small number of digesters.
- Fiscal Year 2017 represents 11 months of collections due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Washington Dairies
Taxpayer Count:	8
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2015

82.08.910; 82.12.910 - Gas to heat chicken houses

Description

Poultry farmers are exempt from the retail sales and use tax on the purchases of propane or natural gas used to heat structures that house chickens. The propane or natural gas must exclusively heat structures that exclusively house chickens sold as agricultural products.

Purpose

To support the poultry industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.669	$1.694	$1.662	$1.695
Local Taxes	$0.448	$0.455	$0.456	$0.455

Repeal of exemption

Repealing this exemption would increase state revenues. Poultry farmers would pay sales and use tax on purchases of propane and natural gas to heat chicken houses and barns.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.552	$1.662	$1.695
Local Taxes	$0.000	$0.379	$0.456	$0.455

Assumptions

- Specific data for farmer purchases of propane or natural gas to heat chicken houses is not available.
- Estimate based on gross production value of poultry and eggs.

Data Sources

2012 United States Agriculture census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Poultry producers
Taxpayer Count:	60
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2015

82.08.920; 82.12.920 - Chicken bedding materials

Description

Farmers who raise chickens for sale as agricultural products are exempt from the retail sales and use tax on purchases of chicken bedding materials. Qualifying bedding materials accumulate and facilitate the removal of chicken manure.

Purpose

This exemption supports the poultry industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.408	$0.417	$0.426	$0.434
Local Taxes	$0.110	$0.112	$0.115	$0.116

Repeal of exemption

Repealing this exemption would increase state revenues. Poultry farmers would pay retail sales and use tax on the chicken bedding.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.383	$0.426	$0.434
Local Taxes	$0.000	$0.093	$0.115	$0.116

Assumptions

- The popularity of free range chicken production is on the rise.
- Specific data for farmer purchases of bedding materials for chicken houses is not available.
- Estimate based on gross production value of poultry and eggs.

Data Sources

2012 United States Agriculture Census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	2001
Primary Beneficiaries:	Chicken Producers
Taxpayer Count:	60
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2015

82.08.925; 82.12.925 - Dietary supplements

Description

Dietary supplements for human use, dispensed to patients pursuant to a prescription, are exempt from retail sales and use tax.

Purpose

To lessen the cost of prescribed dietary supplements.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.991	$5.091	$5.193	$5.297
Local Taxes	$1.896	$1.934	$1.973	$2.013

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.667	$5.193	$5.296
Local Taxes	$0.000	$1.773	$1.973	$2.013

Assumptions

July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- National Institute of Health, Office of Dietary supplements
- Multivitamin/mineral Supplements, Fact Sheet for Health Professionals http://ods.od.nih.gov/factsheets/MVMS-HealthProfessional/ Downloaded May 19, 2015

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons who take dietary supplements
Taxpayer Count:	3,484,085
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.935; 82.12.935 - Drug delivery systems

Description

Disposable devices used to deliver drugs for human use are exempt from retail sales and use tax. This includes single use items such as syringes, tubing and catheters.

Purpose

To reduce the cost of single use drug delivery systems.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$15.605	$15.605	$15.605	$15.605
Local Taxes	$5.929	$5.929	$5.929	$5.929

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$14.304	$15.605	$15.605
Local Taxes	$0.000	$5.435	$5.929	$5.929

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- No growth.

Data Sources

Washington State Department of Social and Health Services

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons using disposable devices used to deliver drugs
Taxpayer Count:	1,765,383
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.940; 82.12.940 - Over-the-counter drugs sold by prescription

Description

Over-the-counter drugs for human use are exempt from retail sales and use tax if they are:

- Prescribed directly for patients, or
- Purchased by hospitals or other medical facilities and prescribed to patients.

Purpose

Reduces the cost of over-the-counter drugs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$25.522	$26.416	$27.340	$28.297
Local Taxes	$9.697	$10.036	$10.388	$10.751

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$24.215	$27.340	$28.297
Local Taxes	$0.000	$9.200	$10.388	$10.751

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Annual growth will be 3.5 percent.
- Five percent of the deductions taken in Washington State for prescriptions are for over-the-counter drugs sold by prescription.

Data Sources

- Department of Revenue excise tax return data.
- "Growth in the US Prescription Drug Market Slows", PharmTech.com, downloaded March 6, 2015.

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2003
Primary Beneficiaries:	Persons using prescribed over-the-counter drugs
Taxpayer Count:	2,055
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

82.08.945; 82.12.945 - Kidney dialysis equipment

Description

Kidney dialysis devices for human use are exempt from retail sales and use tax. The exemption includes repair and replacement parts for the equipment.

Purpose

To reduce the cost of dialysis equipment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.144	$3.217	$3.217	$3.217
Local Taxes	$1.195	$1.222	$1.222	$1.222

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.949	$3.217	$3.217
Local Taxes	$0.000	$1.120	$1.222	$1.222

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Assume zero growth after 2017.

Data Sources

Northwest Renal Network

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Hospitals and clinics that purchase kidney dialysis equipment
Taxpayer Count:	2,327
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.950; 82.12.950 - Electricity and steam

Description

This statute specifically exempts electricity and steam from retail sales and use tax.

Note: This exemption does not change the taxability of electricity and steam. The definition of tangible personal property subject to Washington sales and use tax excludes the sale of electricity and steam. The exemption was necessary to bring Washington sales tax law into conformity with the Streamline Sales and Use Tax Agreement.

Purpose

For consistency with the Streamlined Sales and Use Tax Agreement.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This statute is necessary for definitional purposes only.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2003
Primary Beneficiaries:	Purchasers of electricity and steam
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.956; 82.12.956 - Hog fuel used to produce energy

Description

Hog fuel used to produce electricity, steam, heat, or biofuel is exempt from retail sales and use taxes. Hog fuel is wood waste and other wood residuals including forest derived biomass, excluding firewood and wood pellets.

This exemption expires June 30, 2024.

Purpose

To utilize Washington's abundant natural resources to promote diversified renewable energy use.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.592	$0.592	$0.592	$0.592
Local Taxes	$0.219	$0.219	$0.219	$0.219

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.544	$0.592	$0.592
Local Taxes	$0.000	$0.201	$0.219	$0.219

Assumptions

Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	The forest products industry.
Taxpayer Count:	15
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.962; 82.12.962 - Renewable energy equipment

Description

A sales and use tax exemption is available for machinery and equipment used directly in generating electricity from wind, sun, fuel cells, biomass energy, tidal or wave energy, geothermal resources, anaerobic digestion, technology that converts otherwise lost energy from exhaust, or landfill gas as the principal source of power. In order to qualify for the exemption, the purchaser must use the machinery and equipment to develop a facility capable of generating at least one thousand watts of electricity. The exemption also includes sales of or charges made for installation labor and services of qualifying machinery and equipment.

From July 1, 2009, through June 30, 2011, qualifying purchases were eligible for a 100 percent exemption. Beginning July 1, 2011, through January 1, 2020, qualifying purchases are eligible for a 75 percent exemption in the form of a refund to the purchaser. The exemption expires January 1, 2020.

Purpose

To support production of renewable energy sources.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.867	$0.676	$0.395	$0.223
Local Taxes	$0.320	$0.250	$0.146	$0.082

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.620	$0.395	$0.223
Local Taxes	$0.000	$0.229	$0.146	$0.082

Assumptions

- No new wind power projects.
- The costs of solar generation continue to exceed those of conventional generation.

Data Sources

- Department of Revenue remittance requests
- Department of Commerce forecast for solar installations

Continued

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of renewable energy equipment
Taxpayer Count:	80
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.08.963; 82.12.863 - Solar energy equipment

Description

Sales of machinery and equipment used directly in generating electricity or producing thermal heat using solar energy are exempt from retail sales and use tax. The exemption also applies to sales of or charges made for labor and services rendered in respect to installing such machinery and equipment. To qualify for the exemption, the system developed using the machinery and equipment must not be capable of generating more than ten kilowatts of electricity or more than three million British thermal units of heat per day. This exemption expires June 30, 2018.

Purpose

To support the use of solar energy.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.856	$2.533	$0.948	$0.000
Local Taxes	$1.424	$0.935	$0.350	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$2.533	$0.948	$0.000
Local Taxes	$0.000	$0.935	$0.350	$0.000

Assumptions

- The average size of a solar installation is assumed to be 6 kW.
- The average production rate is assumed to 1,100 kWh per kW of installed capacity.

Data Sources

- Department of Revenue renewable energy certifications
- Department of Revenue excise tax data
- Washington Department of Commerce forecast for solar system installations

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2009
Primary Beneficiaries:	Purchasers of solar energy equipment
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

82.08.965; 82.12.965 - Semiconductor materials manufacturing after $1 billion investment - construction costs

Description

A retail sales and use tax exemption is available to manufacturers of semiconductor materials who construct new buildings, or parts of new buildings used for qualified manufacturing activities. The exemption is contingent upon commencement of commercial operations by a new semiconductor material fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars.

The investment criterion has not been met, and is unlikely to occur during the forecast period of this study. If the exemption does become effective, it will expire 12 years after the effective date.

Purpose

To retain and attract semiconductor firms in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues if the contingency is met.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Description

An exemption from retail sales and use tax is provided to manufacturers and processors for hire on purchases of gasses and chemicals used to produce semiconductor materials. Manufacturers of silicon solar wafers, silicon solar cells, thin film solar devices, solar grade silicon, or compound semiconductor solar wafers also qualify for this exemption. This exemption expires December 1, 2018.

Purpose

Encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.822	$1.856	$1.311	$0.633
Local Taxes	$0.502	$0.511	$0.361	$0.174

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.670	$1.311	$0.633
Local Taxes	$0.000	$0.460	$0.361	$0.174

Assumptions

- July 1, 2016 effective date, with 11 months of impact in Fiscal Year 2017.
- This exemption has somewhat different effects on two different manufacturing sectors, semiconductors and solar energy systems.
- Semiconductor:
  - December 1, 2018 expiration date for the semiconductor industry's exemption with six months of taxpayer savings in Fiscal Year 2019.
  - Growth rate for the semiconductor sector is flat.
- Solar:
  - June 30, 2017 expiration date for the solar industry's exemption with one month taxpayer savings in Fiscal Year 2018.
- The growth rate for major solar sector firms is 6 percent per year.

Data Sources

Information is from Department of Revenue data sources

Continued

82.08.9651; 82.12.9651 - Semiconductor materials manufacturing - gases and chemicals

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Taxpayers producing semiconductor materials
Taxpayer Count:	6
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.970; 82.12.970 - Semiconductor materials manufacturing after $1 billion investment - gases and chemicals

Description

Manufacturers and processors for hire of semiconductor materials are exempt from retail sales and use tax on purchases of gasses and chemicals used in the manufacturing process. The exemption is contingent upon commencement of commercial operations by a new semiconductor microchip fabrication facility with an investment in new buildings and equipment amounting to at least $1 billion dollars. The exemption expires 12 years after the effective date.
This tax incentive does not have an effective date because the required investment has not occurred.

Purpose

Encourages the retention of existing semiconductor firms in Washington and attracts similar businesses to the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would increase revenues, assuming the exemption becomes effective.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The incentive will not be used because the necessary facility investment will not occur during the forecast period of this study.

Data Sources

Department of Revenue data sources

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.08.975; 82.12.975 - Airplane pre-production computer expenditures

Description

Computer hardware, peripherals, and software used primarily to develop, design, or engineer aerospace products or provide aerospace services, are exempt from retail sales and use tax. A charge for labor and services rendered in respect to the installation of the equipment is also exempt. This exemption expires July 1, 2040.

Purpose

Encourages the development and engineering of commercial airplanes in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$4.262	$4.591	$4.850	$5.120
Local Taxes	$1.620	$1.745	$1.843	$1.945

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$4.209	$4.850	$5.120
Local Taxes	$0.000	$1.599	$1.843	$1.945

Assumptions

- The growth rate used is the "industrial production index for aerospace products and parts" from the Economic and Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Manufacturers of commercial aircraft and components
Taxpayer Count:	100
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.980; 82.12.980 - Commercial airplane facilities on port district property

Description

The construction of facilities to be used primarily to manufacture commercial airplanes is exempt from retail sales and use taxes. The facility may be used to:

- Manufacture commercial airplane fuselages or wings, or
- Store raw materials and finished products.

Sales of tangible personal property that will be incorporated into such facilities and labor and services used in the construction and installation of component tangible personal property are also exempt from retail sales and use taxes. This exemption expires July 1, 2040.

Purpose

To encourage the building of commercial aircraft assembly facilities in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repeal of this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This exemption affects less than three taxpayers and any impacts are confidential.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Owners of facilities producing commercial airplanes
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2014

82.08.983; 82.12.983 - Wax or ceramic materials used to create molds

Description

Sales of wax or ceramic materials used to create molds consumed during the process of creating ferrous and nonferrous investment castings used in industrial applications are exempt from retail sales and use tax. Labor and services used to create patterns and shells used as molds also qualify.

Purpose

To encourage the production of castings in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.292	$0.291	$0.300	$0.310
Local Taxes	$0.111	$0.110	$0.114	$0.118

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.266	$0.300	$0.310
Local Taxes	$0.000	$0.101	$0.114	$0.118

Assumptions

- Eleven months collections in FY 2017 based on July 1, 2016 effective date.
- Growth rate derived from February 2015 Economic and Revenue Forecast Council.

Data Sources

- Department of Revenue taxpayer information
- Economic and Revenue Forecast Council November 2014 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Businesses creating molds
Taxpayer Count:	40
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.08.985; 82.12.985 - Insulin

Description

Insulin for use by humans is exempt from retail sales and use tax.

Purpose

To reduce the cost of insulin.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$13.298	$13.564	$13.835	$14.112
Local Taxes	$5.052	$5.153	$5.257	$5.362

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$12.434	$13.835	$14.112
Local Taxes	$0.000	$4.724	$5.257	$5.362

Assumptions

- Growth of 2 percent per year.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- IMS Institute for Healthcare Informatics. The Use of Medicines in the United States: Review of 2011
- https://www.imshealth.com/ims/Global/Content/Insights/IMS%20Institute%20for%20Healthcare%20Informatics/IHII_Medicines_in_U.S_Report_2011.pdf Downloaded May 20, 2015

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2004
Primary Beneficiaries:	Persons with diabetes
Taxpayer Count:	467,540
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.08.986; 82.12.986 - Data center equipment and infrastructure

Description

There is a retail sale and use tax exemption on qualified purchases of eligible server equipment and eligible power infrastructure for data centers that are located in a rural county. The exemption also includes charges for labor and services associated with installation of the equipment and power infrastructure.

Requirements to qualify:

- Facility must meet employment and facility size criteria;
- Facility is located in a rural county as defined in RCW 82.14.370; and
- Commencement of construction must occur:
  - After March 31, 2010, and before July 1, 2011; or
  - After March 31, 2012, and before July 1, 2015; or
  - After June 30, 2015, and before July 1, 2025.

For data centers where the commencement of construction occurs between June 30, 2015 and July 1, 2025, the exemption is limited to:

- Eight data centers between July 1, 2015 and July 1, 2019, and
- A total of twelve through July 1, 2025.

Purpose

To promote economic development and maintain the state's leadership in technology. It also provides job growth to local economies in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$45.292	$49.452	$53.613	$34.510
Local Taxes	$12.131	$13.271	$14.387	$9.261

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$45.331	$53.613	$34.510
Local Taxes	$0.000	$12.165	$14.387	$9.261

Continued

82.08.986; 82.12.986 - Data center equipment and infrastructure

Assumptions

For Data Centers for which the commencement of construction occurs:

- After March 31, 2010, and before July 1, 2011; and after March 31, 2012, and before July 1, 2015
  - 33 percent of Average Capacity Filled per Year
  - Equipment cost per year for equipment for each eligible data center (initial and refresh) is $42 million.
  - Equipment replaced every 3 years
  - Equipment to be installed starting Fiscal Year 2011 for original centers
  - Replacement equipment installation begins in Fiscal Year 2014 (3 year life) for original centers
  - Initial equipment installation for second set of data centers starts Fiscal Year 2014
  - Replacement equipment installation for second set starts in Fiscal Year 2017
  - 2010-2011 data center exemption expires April 1, 2018 (10 facilities).
  - 2012-2015 data center exemption expires April 1, 2024 (5 facilities).

- After June 30, 2015, and before July 1, 2025
  - Two new data centers per year will be built through the extended window periods. Construction will be completed on two per year beginning in Fiscal Year 2016, to reach the maximum of eight between July 1, 2015 and July 1, 2019. Then, two will be completed in Fiscal Year 2020 and two in Fiscal Year 2021 to reach the maximum of twelve total.
  - Each data center will be 160,000 square feet in size.
  - Construction of newly approved data centers will complete starting in Fiscal Year 2016.
  - Twenty-five percent of equipment square footage capacity will be filled each year thereafter until full capacity is reached.
  - Equipment costs based upon average data center square footage per application history at $800 per square foot including power infrastructure.

- Eleven month cash collection impact for all data centers in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue Taxpayer Account Administration data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2010
Primary Beneficiaries:	Internet Service Providers
Taxpayer Count:	27
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2016

82.08.990 - Interstate commerce - import and export shipments

Description

Tangible personal property imported to or exported from the United States is exempt from retail sales tax. This clarifies, in state statute, the United States Constitutional prohibition against taxation of interstate commerce. The exemption does not generally apply to property used, processed or handled within the state.

Purpose

Codifies the Department's historical sales tax treatment of imports and exports as reflected in WAC 458-20-193C. This statute provides certainty and clarity concerning taxation of property in the process of international shipment and is not dependent on future court interpretations of the constitutional limitations on the taxation of imports and exports.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repeal of this exemption would not increase revenues. There are other statutes in this section which also address certain aspects of the issue of imports and exports, particularly RCW 82.08.0254 - the catch-all exemption for constitutionally prohibited activities. Traditionally these statues showed the impacts relating to import and export shipments.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Any impact the repeal of this statute may have is minimal and indeterminate.

Data Sources

Not applicable

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	2007
Primary Beneficiaries:	Firms engaged in international trade that ship products across Washington's borders
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.995; 82.12.995 - Public authority sales

Description

Tangible personal property and services provided by a public corporation, commission, or authority are exempt from retail sales and use tax when sold to:

- A limited liability company in which the public corporation is the managing member;
- A limited partnership in which the public corporation is the general partner; or
- A single-asset entity required by a federal, state or local housing assistance program and directly or indirectly controlled by the public corporation.

Purpose

Minimizes the tax burden for companies receiving federal grants for low-income housing authorities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.002	$0.002	$0.002	$0.002
Local Taxes	$0.001	$0.001	$0.001	$0.001

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.002	$0.002	$0.002
Local Taxes	$0.000	$0.001	$0.001	$0.001

Assumptions

- Growth rate mirrors the retail sales tax growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of cash collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Capitol Hill Housing Improvement Program
- Pike Place Market Preservation Development Authority
- Economic & Revenue Forecast Council, February 2015 Forecast

Continued

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	Public Development Authorities
Taxpayer Count:	Fewer than 10
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.08.997 - Temporary medical housing

Description

Sales of temporary medical housing provided by health and social welfare organizations are exempt from retail sales and use tax.

Purpose

Reduces the cost of temporary housing for patients and their families while undergoing medical treatment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.138	$0.141	$0.144	$0.147
Local Taxes	$0.070	$0.071	$0.072	$0.073

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.121	$0.144	$0.147
Local Taxes	$0.000	$0.059	$0.072	$0.073

Assumptions

- Current facilities in operation:
  - Ronald McDonald Houses (Seattle and Spokane),
  - Sunshine House,
  - Our House, Inn @ Cherry Hill,
  - Transplant House,
  - Tree House,
  - Pete Gross House,
  - Faye's House
- Guild house no longer offers housing.
- Fisher House and Parents Apartments do not charge any fee.
- Transplant House rents by the month not night, Pete Gross House rents by month and night.
- 2 percent growth per year.

Data Sources

- National Association of Hospital Hospitality Houses Incorporated
- Department of Revenue data

Continued

82.08.997 - Temporary medical housing

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2008
Primary Beneficiaries:	Persons seeking medical treatment away from their homes
Taxpayer Count:	10
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2019

82.08.998; 82.12.998 - Residential weatherization

Description

Sales and use tax does not apply to tangible personal property used in the weatherization of a residence under the low-income residential weatherization program, chapter 70.164 RCW. The exemption only applies to tangible personal property that becomes a component of the residence. Examples of qualifying weatherization materials include, but are not limited to, insulation and sealants, heating and cooling equipment, supplies used to seal and repair ducts. Charges for labor and services used to install these materials are subject to sales tax and use tax.

Purpose

To lower the cost of weatherization improvements so more low income households receive assistance under the Department of Commerce's weatherization program.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.322	$0.335	$0.348	$0.362
Local Taxes	$0.129	$0.134	$0.139	$0.145

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.307	$0.348	$0.362
Local Taxes	$0.000	$0.123	$0.139	$0.145

Assumptions

- Materials equal 25 percent of spending on weatherization.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington Department of Commerce

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	2008
Primary Beneficiaries:	Low income residents
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2019

82.08.999; 82.12.999 - Joint municipal utility authority

Description

Sales or transfers made between joint municipal utility service authorities and any of its members are exempt from sales and use taxes. A joint municipal utility authority is a municipal corporation formed to better facilitate the joint provision of municipal utility services to the public.

Purpose

To clarify the law and to facilitate the ability of local government utilities to jointly plan, finance, construct, acquire, maintain, operate, and provide facilities and utility services to the public, and to reduce costs and improve the benefits, efficiency, and quality of utility services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption is unlikely to result in substantial tax revenues because these entities are already exempt, with the possible exception of tribal participants in some circumstances.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

This data is confidential because this exemption affects less than three taxpayers.

Data Sources

- Department of Revenue data sources
- The Washington State Attorney General's Office
- The Washington State Secretary of State's Office
- Various public sector water officials

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2011
Primary Beneficiaries:	Less than three existing governmental water consortiums
Taxpayer Count:	2
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.08.9995; 82.12.9995 - Restaurant employee meals

Description

Meals provided to employees of restaurants without specific charge are exempt from retail sales and use tax.

Purpose

To resolve a long-standing issue regarding the application of retail sales and use tax law and to make administration of the sales tax easier for restaurants and the Department.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$2.752	$2.902	$3.044	$3.175
Local Taxes	$1.046	$1.103	$1.157	$1.206

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.346	$0.396	$0.413
Local Taxes	$0.000	$0.131	$0.150	$0.157

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Compliance of 13 percent revenue collections in all fiscal years.

Data Sources

- United States Bureau of Labor Statistics. May 2013 State Occupational Employment and Wage Estimates
- Washington, Food Preparation and Serving Related Occupations, Occupation code 35-0000
- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2011
Primary Beneficiaries:	Restaurant owners and their employees
Taxpayer Count:	32,897
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2021

82.08.9996; 82.12.9996 - Vessel deconstruction

Description

The retail sales and use tax does not apply to sales of vessel deconstruction performed at a qualified vessel deconstruction facility or at an area over water that has been permitted under section 402 of the clean water act of 1972 for vessel deconstruction.

Purpose

To decrease the number of abandoned and derelict vessels in Washington by lowering the cost of deconstruction.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.053	$0.053	$0.053	$0.053
Local Taxes	$0.020	$0.020	$0.020	$0.020

Repeal of exemption

Repealing this sales and use tax exemption would increase state revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.048	$0.053	$0.053
Local Taxes	$0.000	$0.018	$0.020	$0.020

Assumptions

- Amounts to remain constant each year.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Natural Resources Vessel Disposal Costs 2011-2013

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2014
Primary Beneficiaries:	State of Washington, Vessel Deconstruction Businesses
Taxpayer Count:	200
Program Inconsistency:	None
JLARC Review:	Scheduled for review in 2017

82.12.010(7, c) - Use tax on rental value

Description

An out-of-state business that brings property into this state for temporary business use (less than 180 days during a 365 consecutive day period) may compute use tax based on an amount representing the reasonable rental value of the item, rather than the total market value. The usual measure of the use tax is the purchase price or the fair market value at the time of the first use in Washington.

Purpose

To encourage out-of-state firms to do business in Washington by allowing them to use equipment in this state on a temporary basis without incurring use tax liability on the full market value.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.035	$1.086	$1.142	$1.190
Local Taxes	$0.380	$0.400	$0.420	$0.440

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.996	$1.142	$1.190
Local Taxes	$0.000	$0.368	$0.420	$0.440

Assumptions

- Growth rate mirrors the B&O growth rate reflected in the Economic & Revenue Forecast Council's February 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Ninety days is the average use in Washington State.

Data Sources

- Department of Revenue excise tax data
- Economic & Revenue Forecast Council's February 2015 forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Out-of-state firms with contracts in Washington
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2013

82.12.0251 - Nonresidents' personal property

Description

Use tax does not apply to tangible personal property brought into Washington by a nonresident for temporary use or enjoyment, so long as the item is not used in conducting a non-transitory business activity. This exemption also applies to the use of a motor vehicle that is registered in another state if the vehicle is not required to be registered in Washington and the use of household goods, personal effects and private motor vehicles (excluding motor homes) by residents of Washington (and nonresident military personnel who are stationed in Washington), if the items were acquired and used while the owner was a resident of another state at least 90 days before entering this state.

Purpose

To encourage tourism in Washington and to avoid penalizing new residents of Washington by subjecting previously owned items to use tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1,125.896	$1,187.480	$1,245.367	$1,298.784
Local Taxes	$424.184	$447.387	$469.195	$489.320

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$141.509	$323.796	$337.684
Local Taxes	$0.000	$53.314	$121.991	$127.223

Assumptions

- Average depreciation rate on tangible personal property is 50 percent.
- Number of new households moving to Washington is 50 percent of new driver's license issuances for 2014.
- 50 percent of visitors to Washington locations are Washington residents while 39.4 percent of visitors are repeat visitors.
- The growth rate will mirror the retail sales tax growth rate reflected in the February 2015 economic forecast.
- Number of autos visiting Washington is 12.5 percent of total first time visitors and taxed on reasonable rental value.
- Effective date of July 1, 2016, with 11 months of impact in Fiscal Year 2017.
- Compliance:
  - 13 percent revenue collections in Fiscal Year 2017,
  - 26 percent revenue collections in Fiscal Year 2018,
  - 39 percent revenue collections in Fiscal Year 2019,
  - 52 percent revenue collections in Fiscal Year 2020 and thereafter.

Continued

82.12.0251 - Nonresidents' personal property

Data Sources

- Department of Licensing - Driver Licensing Data
- National Auto Dealers Association 2014 Report
- Homecontents.com
- VisitSeattle.com
- Rockcheetah.com
- x-rates.com
- Economic Revenue & Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1935
Primary Beneficiaries:	Visitors and new Washington residents
Taxpayer Count:	7,379
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.12.0254 - Vehicles used in interstate commerce

Description

Use tax does not apply to:
1) the use of any airplanes, locomotives, railroad cars or watercraft and their component parts that are primarily used to transport property or persons for hire in interstate or foreign commerce,
2) vessels primarily used in conducting commercial deep sea fishing operations outside of Washington waters,
3) intra-state commuter air carriers,
4) the use of any vehicle, that is registered in another state, to transport property or persons across state boundaries for a period less than 15 consecutive days by a nonresident who has at least one place of business in Washington as well as in another state, and
5) the use of any vehicle and its component parts that is used to transport property or persons for hire across state boundaries that has been issued a permit by the interstate commerce commission (or its successor agency).

Purpose

To encourage the use of Washington-based transportation providers.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$311.918	$165.649	$176.571	$185.153
Local Taxes	$117.338	$62.314	$66.423	$69.651

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$151.845	$176.571	$185.153
Local Taxes	$0.000	$57.121	$66.423	$69.651

Assumptions

- The growth rate will mirror the Real Nonresidential Fixed Investments growth rate reflected in the February 2015 economic forecast.
- Interstate transportation equipment taxed at 100 percent of the value of the article in Fiscal Year 2016.
- An allowance for repeat nonresident trips and owners of property into Washington has been made at 50 percent of taxable value for fiscal years 2017, 2018, and 2019.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Continued

82.12.0254 - Vehicles used in interstate commerce

Data Sources

- Department of Revenue Data
- Department of Licensing Prorate Section Data
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1937
Primary Beneficiaries:	Interstate Carriers
Taxpayer Count:	66,000
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2010

82.12.02595 - Donations to nonprofits and government

Description

Tangible personal property donated to nonprofit charitable organizations and state or local governments are exempt from use tax. In addition, labor and services rendered in respect to installing, repairing, cleaning, altering, imprinting, or improving personal property that are donated to nonprofit charitable organizations and state or local governments are also exempt from use tax.

If the reason for the donation was to allow the organization to provide the property to others, the use of the property or service by the recipient is exempt. Donors who provide the property without intervening use are also exempt.

Purpose

To allow charitable donations to take place without incurring use tax liability.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.900	$2.004	$2.102	$2.193
Local Taxes	$0.722	$0.761	$0.799	$0.833

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.837	$2.102	$2.193
Local Taxes	$0.000	$0.698	$0.799	$0.833

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.

Data Sources

- Washington State Economic and Revenue Forecast Council February 2015 forecast
- Giving USA Highlights 2014
- Giving in Numbers 2014 Edition

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1995
Primary Beneficiaries:	Nonprofit groups and governmental entities that receive donated items
Taxpayer Count:	317
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2016

82.12.0263 - Extracted fuel

Description

Fuel used by an extractor or manufacturer during the same extracting or manufacturing activity that produces the fuel is exempt from use tax.

Purpose

To support the fuel manufacturing and extracting industry.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$20.525	$22.143	$22.904	$23.494
Local Taxes	$7.677	$8.282	$8.566	$8.787

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$20.298	$22.904	$23.494
Local Taxes	$0.000	$7.591	$8.566	$8.787

Assumptions

- For petroleum usage, growth rates mirror the oil price growth rates reflected in the February 2015 economic forecast.
- Oil tax base is 5.2 percent of petroleum manufacturing sales
- For forest product usage the use tax will be 2.02 percent of the petroleum product use tax.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1949
Primary Beneficiaries:	Petroleum and Forest Product Manufacturers
Taxpayer Count:	148
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2011

82.12.0264 - Driver training vehicles

Description

Vehicles used in driver-training programs by public and private schools are exempt from use tax. The vehicles must:

- Contain dual controls, and
- Be used exclusively by public or private schools (not commercial driver-training programs).

Purpose

Reduces the costs of providing driver-education programs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.014	$0.015	$0.017	$0.019
Local Taxes	$0.006	$0.007	$0.008	$0.009

Repeal of exemption

Repealing this exemption would increase state revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.014	$0.017	$0.019
Local Taxes	$0.000	$0.006	$0.008	$0.009

Assumptions

- Statewide, school districts have 11 cars that are under contract
- The cars have an average age of 8 years old
- Same number of private school driver's education cars are under contract but have a little higher value (newer)
- Since the number of driver's education cars currently leased is much lower than previous years, assume 10% growth in the number of leased cars

Data Sources

- OSPI driver education car data
- Average car values from Edmunds.com

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1955
Primary Beneficiaries:	School districts
Taxpayer Count:	11
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2010

82.12.0265 - Bailed tangible personal property for research and development

Description

Use tax does not apply to the value of bailed property when the bailee consumes the property while conducting research and development, experimental and testing activities for a bailor who is not subject to tax. "Bailment" consists of granting the right of possession of tangible personal property to another person (bailee) without transfer of ownership.

Purpose

Bailment typically applies to tangible personal property owned by the federal government that is used by federal contractors. The purpose of the exemption is to improve the competitive position of instate firms competing for the federal contracts by reducing the associated tax burden.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	D	D	D

Assumptions

There are fewer than three known taxpayers.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1961
Primary Beneficiaries:	Contractors with the federal government
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.12.0266 - Vehicles acquired while in military service

Description

Vehicles and trailers acquired and used by Washington residents serving in the armed forces and stationed outside of Washington are exempt use tax. The exemption does not cover persons called to active duty for training of less than six months or for vehicles acquired less than 30 days prior to discharge from the military.

Purpose

To support resident armed forces members and to create equity. Under RCW 82.12.0251 nonresidents who bring their vehicles into Washington and establish residency here are exempt from use tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$5.917	$6.165	$6.350	$6.439
Local Taxes	$2.103	$2.191	$2.257	$2.288

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$5.651	$6.350	$6.439
Local Taxes	$0.000	$2.008	$2.257	$2.288

Assumptions

- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.
- Estimated persons from Washington in the military will mirror percentage of state population to national population.
- Average length of auto ownership is 7.9 years.

Data Sources

- Economic & Forecast Council February 2015 Forecast
- United States Census Statistical Abstract

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1963
Primary Beneficiaries:	Resident members of the armed forces
Taxpayer Count:	26,000
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2010

82.12.0272 - Display items for trade shows

Description

Tangible personal property held for sale and displayed in a trade show for up to 30 days is exempt from use tax. The exemption pertains to items that are actually demonstrated and not simply available for sale as part of the dealer's inventory.

Purpose

To stimulate trade and the economy by encouraging trade shows to take place in the state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

The effect of repealing this exemption is indeterminate, but would likely increase revenues. No data is available to determine the value of items used for display purposes.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- The use tax exemption provided by this preference does not require beneficiaries to report, file, deduct, or otherwise document their use of the preference.
- There is currently no reliable data source to estimate the impact.
- The revenue impact is indeterminate.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1971
Primary Beneficiaries:	Manufacturers displaying items at trade shows
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.12.0284 - Computers donated to schools

Description

Public and private schools are exempt from use tax for computers donated to them by individuals and businesses. The exemption covers computer hardware, components and accessories, as well as computer software.

Note: a similar exemption is provided for ALL tangible personal property that is donated to a government entity or a nonprofit charitable organization. However, that statute does not cover donations of computers to private, nonprofit educational institutions.

Purpose

To encourage individuals and businesses to donate computer equipment to schools.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.094	$0.094	$0.094	$0.094
Local Taxes	$0.036	$0.036	$0.036	$0.036

Repeal of exemption

Repealing this exemption would increase revenues. Private nonprofit educational institutions would pay use tax on donated computers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.086	$0.094	$0.094
Local Taxes	$0.000	$0.030	$0.036	$0.036

Assumptions

- On average, over 7,200 computers were donated to schools annually for the last 5 years.
- Used computers have an average value of $200.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Office of Public Instruction

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1983
Primary Beneficiaries:	Public and private schools
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2012

82.12.035 - Tax paid to other states

Description

Items brought into Washington receive a credit against use tax liability for the amount of retail sales or use taxes paid to another state or political subdivision of another state. The credit is limited to the amount of Washington use tax otherwise due.

Purpose

The primary function of the use tax is to complement the retail sales tax by asserting tax in situations where the Washington retail sales tax did not apply (purchases made in other states, items bought from private parties, etc.). This credit avoids overtaxing items where tax was paid to another jurisdiction.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.857	$0.905	$0.958	$1.003
Local Taxes	$0.326	$0.344	$0.364	$0.381

Repeal of exemption

Repealing this exemption may possibly increase revenues. Use taxes currently owed by households are virtually uncollectable. Compliance efforts aimed at small businesses are also difficult.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.830	$0.958	$1.003
Local Taxes	$0.000	$0.315	$0.364	$0.381

Assumptions

- The growth rate for the use tax from the Economic & Revenue Forecast Council's May 2015 forecast.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

-Department of Revenue deduction data

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1967
Primary Beneficiaries:	Businesses and others paying out of state taxes
Taxpayer Count:	300
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.12.225 - Nonprofit fund-raising activities - article valued at less than $10,000

Description

Items bought or received as a prize in a contest of chance from a nonprofit organization or library that are valued at less than $12,000 are exempt from use tax if the sale is exempt under RCW 82.04.3651. This exemption expires July 1, 2020.

Purpose

To support nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.015	$0.015	$0.015	$0.015
Local Taxes	$0.006	$0.006	$0.006	$0.006

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.014	$0.015	$0.015
Local Taxes	$0.000	$0.005	$0.006	$0.006

Assumptions

- Approximately 2 percent of all items bought or won from nonprofit organizations are currently reported for use tax purposes. It is further assumed that 10 percent of these items that are bought or won as a prize in a contest of chance from a nonprofit organization or library will be valued over $12,000.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

National Center for Charitable Statistics

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2013
Primary Beneficiaries:	Prize winners of contests of chance from a nonprofit organization or library
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	Unable to find on JLARC review schedule

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Description

These three statutes relate to the application of use tax for firms that manufacture or sell boats and boat trailers. Use tax is exempt on the following uses of a vessel and trailer by the manufacturer or a vessel dealer:

- testing, setting-up, repairing, remodeling or otherwise making the vessel seaworthy;
- training of employees who are involved in the manufacturing of the vessel; activities promoting the sale of the vessel;
- loaning or donating the vessel to nonprofit organizations or governmental entities for limited periods;
- transporting, displaying or demonstrating the vessel at boat shows; and
- delivering, showing and operating the vessel for a prospective buyer.

Any other personal intervening use of the vessel by the manufacturer or a dealer is subject to use tax. However, RCW 82.12.802 provides that the use tax in such instances is to be measured by the reasonable rental value of the vessel for that particular use, rather than the fair market value, if the dealer can demonstrate that the vessel is truly held for sale.

Purpose

To clearly identify the uses of vessels and related equipment which are not considered as taxable "intervening" uses and to provide a basis for the use tax in other taxable situations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.251	$0.266	$0.284	$0.297
Local Taxes	$0.095	$0.101	$0.108	$0.113

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.244	$0.284	$0.297
Local Taxes	$0.000	$0.093	$0.108	$0.113

Continued

82.12.800; 82.12.801; 82.12.802 - Vessel use by manufacturers or dealers

Assumptions

- The taxable amount is 1% of taxable retail sales under the following NAICS:
  - 336611, ship building and repairing
  - 336612, boat manufacturers
  - 441222, boat dealers
- The growth rate will mirror the Real Nonresidential Fixed Investments growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

- Department of Revenue Taxpayer Database
- Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1997
Primary Beneficiaries:	Boat Builders and Dealers
Taxpayer Count:	475
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.32 - Nonresident entity vessel owners

Description

This exemption allows a nonresident vessel owner that is not a natural person (entity-owned) to receive the nonresident vessel permit under RCW 88.02.620 if certain conditions are met.

It allows a nonresident that is not a natural person to obtain a nonresident vessel permit on or before the sixty-first day of use in Washington. Additional requirements for a nonresident vessel owner that is not a natural person are:

- the vessel must be between 30 and 164 feet in length,
- no Washington state resident is a principal of the nonresident person, and
- the Department of Revenue has provided the nonresident vessel owner written approval authorizing the permit as defined.

This exemption expires July 1, 2019.

Purpose

To expand the economy of the maritime industry in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$1.333	$1.477	$1.575	$1.652
Local Taxes	$0.491	$0.523	$0.556	$0.583

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$1.354	$1.575	$1.652
Local Taxes	$0.000	$0.478	$0.556	$0.583

Assumptions

- Approximately 56 "nonresident vessel that is not a natural person" permits issued each year based upon the average number of domestic nonresident vessel permits issued between 2009 and 2014 for vessels between 30 and 125 feet in length.
- An additional allowance is made for vessel between 121 and 164 feet in length.
- An equal number of natural person and entity permits issued based upon Hebert Research Inc May 2011 report on the maritime industry.
- The two permits per 36 month restriction will not impact the annual vessel count totals.
- Average vessel value over 40 feet in length is $315,000, average length of 60 feet.

82.32 - Nonresident entity vessel owners

Assumptions (continued)

- Growth rate will mirror the Nonresidential Fixed Investment growth rate reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2016 due to July 1, 2016 effective date.
- One month cash collection impact for Fiscal Year 2020 due to July 1, 2019 expiration date.

Data Sources

- Department of Licensing Data
- Department of Revenue Data
- Economic & Forecast Council February 2015 Forecast
- "Washington Recreational Boats: Economic Impact Research Report" May 2011 (Herbert Research Inc)

Additional Information

Additional Information	
Category:	Sales/Use Tax
Year Enacted:	2015
Primary Beneficiaries:	Nonresident Entity Vessel Owners
Taxpayer Count:	56
Program Inconsistency:	None
JLARC Review:	JLARC has schedule for review in 2025

82.12.860 - Credit unions - state chartered conversion

Description

State-chartered credit unions receive an exemption from use tax on any tangible personal property, digital goods and services, certain other services defined as retail sales, or extended warranties acquired from federal, out-of-state, or foreign credit unions as a result of a merger or conversion.

Purpose

Enables state-charted credit unions to compete with federally-chartered credit unions.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.172	$0.172	$0.172	$0.172
Local Taxes	$0.065	$0.065	$0.065	$0.065

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.158	$0.172	$0.172
Local Taxes	$0.000	$0.060	$0.065	$0.065

Assumptions

- Growth will be zero.
- Eleven months of collections in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Washington State Department of Financial Institutions

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Credit unions
Taxpayer Count:	3
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2017

82.14.410 - Local sales tax cap for lodging

Description

These statutes exempt charges for lodging from any retail sales and use tax levied by a local government jurisdiction after December 1, 2000, if the local tax would have resulted in a combined tax rate on such charges in excess of 12.0 percent or the rate that would otherwise have applied on December 1, 2000.

Included in the calculation of the maximum tax rate that would have applied on December 1, 2000 are:

- the state retail sales tax (6.5 percent);
- city/county local sales tax (1.0 percent);
- transit district local sales tax (0.6 percent);
- criminal justice local sales tax (0.1 percent);
- the state convention center tax on hotels with more than 60 units that applies in King County (7.0 percent within Seattle; 2.8 percent elsewhere), and
- hotel/motel taxes levied by cities and counties (2.0 percent).

These totaled 15.2 percent for lodging within Seattle and 12.0 percent elsewhere. As a result, lodging at facilities with more than 60 units in Seattle was excluded from the additional local sales tax for transit (rate increased from 0.6 to 0.8 percent in April 2001 then to 0.9 percent in April 2007). Similarly, local sales taxes in parts of Pierce County, Wenatchee, and East Wenatchee have been restricted from new or increased local taxes on lodging.

Purpose

To encourage tourist activities in areas with high tax rates.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$11.600	$12.000	$12.300	$12.700

Repeal of exemption

Repealing this exemption would increase revenues. Seattle and Pierce County lodging facilities would collect and remit the additional lodging taxes on transient rentals.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$9.978	$12.300	$12.700

82.14.410 - Local sales tax cap for lodging

Assumptions

- Growth of 3 percent per year based on historic average growth.
- July 1, 2016 effective date reflects 10 months of distributions.

Data Sources

- Department of Revenue lodging data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2001
Primary Beneficiaries:	Hotels and motels in areas with high local tax rates
Taxpayer Count:	215
Program Inconsistency:	None
JLARC Review:	Unable to find on JLARC review schedule

82.14.430(1) - Local regional transportation vehicles

Description

This statute authorizes a regional transportation investment district (RTID) to levy a local retail sales/use tax of up to 0.1 percent to finance regional transportation projects. Subsection (1) exempts motor vehicles from the local tax. However, subsection (2) imposes a special use tax at the same tax rate on motor vehicles purchased by residents of the district.

Purpose

This unique tax arrangement enables vehicle dealers located within a RTID to avoid collecting the 0.1 percent local sales tax for regional transportation projects from purchasers of new or used vehicles who reside outside of the district. Conversely, residents of the district who purchase vehicles from dealers located outside of the district will still be subject to the tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

No jurisdictions have imposed this tax, so there is no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	2002
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident, except that all other state and local sales taxes other than the public safety tax, apply to motor vehicles
JLARC Review:	Unable to find on JLARC review schedule

82.14.450(4) - Local public safety tax on vehicles

Description

Counties are authorized to levy a local retail sales and use tax of up to 0.3 percent. One-third of the receipts must be devoted to criminal justice expenditures. The county retains 60 percent of the receipts and the remainder is shared with cities on a per capita basis. Subsection (4) of the statute exempts sales of motor vehicles from the local tax. Similarly, motor vehicles leases for the first 36 months of the lease period are also exempt.

Purpose

The exemption acknowledges that local vehicle dealers will have to compete with dealers located in adjacent areas where the local tax is not levied.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$3.200	$3.400	$3.500	$3.700

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$2.500	$3.500	$3.700

Assumptions

- All car dealers are registered and correctly reporting excise tax.
- Growth of 5 percent per fiscal year based on February forecast by Economic and Revenue Forecast Council.
- Counties will continue to levy the public safety tax if the vehicle exemption is repealed.
- No state impact since this is a local tax.

Data Sources

Department of Revenue excise tax data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2003
Primary Beneficiaries:	Vehicle dealers in the counties that impose the local public safety sales and use tax
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Not on JLARC review schedule

82.32.065 - Returned motor vehicles under warranty

Description

The Department of Revenue shall credit or refund to the manufacturers the amount of the tax refunded for returns of a new motor vehicle under chapter 19.118 RCW, also known as the lemon law.

Purpose

Assures that manufacturers are not financially responsible for refunded sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.072	$0.072	$0.072	$0.072
Local Taxes	$0.027	$0.027	$0.027	$0.027

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.066	$0.072	$0.072
Local Taxes	$0.000	$0.025	$0.027	$0.027

Assumptions

- Average refunds of $1.1 million per year from 2003 through 2014.
- Due to the fluctuation in the data, growth rate is zero percent.
- Eleven months of collection in Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Attorney General Office for Consumer Protection

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1987
Primary Beneficiaries:	Vehicle manufacturers
Taxpayer Count:	Average of 20 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.32.580 - Museum for historic autos

Description

Provides a sales and use tax deferral for the preparation and construction of a historic automobile museum that:

- is owned and operated by a nonprofit organization, corporation, or association, and
- maintains and exhibits at least 500 vehicles to the public.

Deferred taxes on the facility will be repaid beginning in the fifth year after the project is operationally complete, with the final deferred sales tax payment due at the end of the ninth year following the date of operational completion.

Purpose

Encourage construction of a historic automobile museum in Pierce County.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Repealing the deferral does not impact taxes already deferred under the existing law.
- This project is complete, and deferred taxes are scheduled for repayment beginning December 31, 2017.

Data Sources

Department of Revenue, Special Programs Division

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2005
Primary Beneficiaries:	Historic automobile museum in Pierce County
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2007

82.32.760(1b) - Sales tax destination sourcing costs

Description

Qualifying retailers may take a credit against their state sales tax to mitigate the cost of switching from origin-based sourcing to destination-based sourcing of local sales tax. The credit equals up to $1,000 of the costs of switching. Retailers can claim credit until the total credit amount is used.

Qualifying retailers must have:

- a physical presence in Washington,
- less than $500,000 in gross income annually,
- at least five percent of their gross income from sales delivered to physical locations away from their place of business,
- at least one percent of their gross income from sales delivered to local jurisdictions imposing sales tax other than the one to which the taxpayer reported the most local sales tax, and
- first claimed the credit by July 1, 2009.

Qualifying retailers are ineligible for the credit if they chose to use the services of a certified service provider for two years at no cost.

Purpose

Meet the requirement of the Streamline Sales and Use Tax Agreement to help small retailers transition from origin-based sourcing to destination-base sourcing of local sales tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues because businesses had to first claim this credit by July 1, 2009 and presumably have used the total credit available to them.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Taxpayers with credit available will take minimal credit in the future.

Data Sources

Department of Revenue excise tax data

Continued

82.32.760(1b) - Sales tax destination sourcing costs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Retailers making the change to destination-based sourcing
Taxpayer Count:	215
Program Inconsistency:	None evident
JLARC Review:	JLARC scheduled to review in 2018

82.34.050(2); 82.34.060(2) - Pollution control facilities

Description

This exemption allows a credit against state B&O, public utility or use taxes for previously paid taxes and/or in lieu of accepting the tax exemptions. Construction of required pollution control facilities associated with approved applications received between July 30, 1967, and November 30, 1981, were exempt from state retail sales/use tax.

Purpose

To encourage abatement of pollution and to compensate Washington firms for the costs of upgrading pollution control facilities.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this credit would possibly increase revenues. Taxpayers may argue that they have a vested right to credits currently being taken that were authorized under prior law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The entire credit is taken against B&O tax.
- See B&O tax credit for pollution control facilities, RCW 82.04.427; 82.34.060(2)

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1967
Primary Beneficiaries:	Businesses required to install pollution control facilities, primarily in the lumber and wood products, paper, aluminum and food products industries
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

82.60.040; 82.60.049 - High unemployment deferral

Description

Certain businesses are eligible for a deferral of retail sales and use tax on charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment when those projects are located in a county with high unemployment or in a Community Empowerment Zone (CEZ). The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

Eligible business activities include:

- Research and development; and
- Manufacturing - for purposes of this deferral, manufacturing also includes the conditioning of vegetable seeds and activities performed by commercial testing laboratories.

The deferral program expires July 1, 2020.

Purpose

Encourages manufacturing, research and development, and job creation in areas with high unemployment.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.743	$3.929	$4.177	$4.431
Local Taxes	$1.422	$1.493	$1.587	$1.683

Repeal of exemption

Repealing this deferral/waiver would increase revenues by any taxes not yet deferred at the time of the repeal.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$3.601	$4.177	$4.431
Local Taxes	$0.000	$1.369	$1.587	$1.683

Assumptions

- This estimate uses a national level investment in fixed assets data that has been adjusted to reflect Washington State investment levels.
- The 15 high unemployment counties include: Clallam, Clark, Columbia, Cowlitz, Ferry, Grays Harbor, Klickitat, Lewis, Mason, Pacific, Pend Oreille, Skamania, Stevens, Wahkiakum, and Yakima.
- These counties remain high unemployment counties until this deferral expires.
- Large investments in new structures, machinery, and equipment expenditures that would qualify for the deferral/exemption are difficult to predict; therefore, this estimate assumes no large new structures will be built in Washington. Large projects may significantly change the fiscal impact.

Continued

82.60.040; 82.60.049 - High unemployment deferral

Assumptions (continued)

- The statewide average local tax rate is 2.47 percent.
- The estimate assumes annual growth to be the growth in non-residential investment in R&D and private investment in industrial facilities for the United States as forecasted by Global Insight's February 2015 forecast.
- Effective date of July 1, 2016, results in 11 months of cash collections for FY 2017.
- This deferral expires July 1, 2020.

Data Sources

- Bureau of Labor Statistics employment data
- Bureau of Economic Analysis fixed asset data
- Department of Revenue tax return data
- Department of Revenue high unemployment county sales and use tax deferral data
- Department of Revenue average local tax rate
- Global Insight's February 2015 forecast of non-residential investment in R&D and private investment in industrial facilities

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1985
Primary Beneficiaries:	Qualifying R&D and manufacturing projects in high unemployment counties
Taxpayer Count:	About 5 to 15 per year
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

82.66.040 - Horse racing track deferral

Description

Provides a 10-year sales and use tax deferral for the construction of a thoroughbred horse racing facility that:

- Is located in Western Washington, and
- Commenced construction by July 1, 1998.

Emerald Downs was completed in 1996, and the first repayment of the deferred tax was made on December 31, 2006.

Purpose

To encourage construction of the Emerald Downs track.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral would not increase revenues. The previously deferred tax is being repaid over a 10-year period.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The last deferral payment will be made in the Fiscal Year 2016.

Data Sources

Department of Revenue data from Special Programs

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1995
Primary Beneficiaries:	The Emerald Downs track, and the entire horse racing industry in Washington
Taxpayer Count:	1
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.75.010; 82.75.030 - Biotechnology investments

Description

Biotechnology product manufacturers and medical device manufacturers are eligible for a deferral of retail sales and use tax on charges for the construction, expansion, or renovation of facilities and purchases of eligible machinery and equipment. The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years.

The deferral/waiver program expires January 1, 2017.

Purpose

Encourages biotechnology manufacturing in Washington.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.722	$0.447	$0.000	$0.000
Local Taxes	$0.274	$0.146	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.447	$0.000	$0.000
Local Taxes	$0.000	$0.146	$0.000	$0.000

Assumptions

- The biotechnology deferral/exemption amounts fluctuate greatly from year to year. For this reason, the estimate uses an average deferred/exempted amount.
- The estimate assumes annual growth to be the growth in non-residential investment in R&D and software for the United States as forecasted by the Economic and Revenue Forecast Council's February 2015 forecast.
- Large new high technology structures, machinery and equipment expenditures that would qualify for the deferral/exemption are difficult to predict; therefore, this estimate assumes no large new structures will be built in Washington. Large projects may significantly change the fiscal impact.
- Biotechnology deferral/exemption projects occur throughout the state. To estimate the local government impacts, the statewide average local tax rate for Fiscal Year 2014 of 2.47 percent was used.
- It is unknown how many projects will be submitted for future years and approved by December 31, 2016, so this estimate assumes future projects are disapproved.
- Effective date of July 1, 2016 results in 6 months of cash collections for FY 2017.
- The incentive expires on January 1, 2017.

Continued

82.75.010; 82.75.030 - Biotechnology investments

Data Sources

- Department of Revenue biotechnology deferral/exemption data
- Economic and Revenue Forecast Council's February 2015 forecast of non-residential investment in R&D

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2006
Primary Beneficiaries:	Biotechnology product manufacturers and medical device manufacturers
Taxpayer Count:	4
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2012

82.82.020; 82.82.030 - Corporate headquarters in a Community Empowerment Zone (CEZ)

Description

Qualifying businesses with corporate headquarters located in a community empowerment zone (CEZ), receive a deferral of retail sales and use tax on charges for the construction or expansion of facilities. The deferral becomes a waiver of the tax if the business maintains qualified business activities for eight years. Qualifying businesses must:

- Employ at least 300 employees at the facility (each employee must earn at least the annual average wage for the state)
- Invest at least $30 million dollars in the facility

The program is limited to two projects per biennium, and only one project per CEZ, per biennium. This deferral/waiver program expires December 31, 2020.

Purpose

Encourages investment and job creation in community empowerment zones.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this deferral/waiver would not increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

As of April 2015, there have been no applications for this deferral.

Data Sources

Department of Revenue deferral data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2008
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC is scheduled to review in 2018

Soft Drinks Syrup Tax

82.64.030(1) - Carbonated beverage syrup previously taxed

Description

Successive sales of syrup used to produce carbonated beverages are exempt from the syrup tax if the syrup was previously taxed.

Purpose

To avoid pyramiding of the tax. This exemption assures that the tax will apply only once to any particular gallon of syrup.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Business paying tax uses most syrup so the taxpayer savings is minimal.

Data Sources

No data on successive sales of previously taxes syrup.

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Carbonated beverage retailers and wholesalers who use syrup
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.64.030(2) - Carbonated beverage syrup exported

Description

Soft drink syrup shipped out of state is exempt from syrup tax.

Purpose

Limits the soft drink syrup taxed to soft drinks consumed in this state.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

Business paying tax uses most syrup so the taxpayer savings is minimal.

Data Sources

No data showing syrup taxpayers taking a deduction for out of state sales

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Carbonated beverage syrup exporters
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.64.030(3) - Trademarked carbonated beverage syrup

Description

Wholesale sales of trademarked carbonated beverage syrup are exempt from syrup tax if the syrup is sold to a bottler who is appointed by the owner of the syrup trademark to manufacture, distribute and sell the syrup.

Purpose

Avoids double taxation, the carbonated beverage syrup was already taxed when originally sold by the manufacturer to the bottler.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues as the tax is shifted to the next purchasers.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The tax is shifted to the next purchaser so there are no revenues or taxpayer savings.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1991
Primary Beneficiaries:	Bottlers of trademarked beverages
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.64.030(4) - Carbonated beverage syrup purchased before 6/1/91

Description

Carbonated beverage syrup taxed at first possession prior to June 1, 1991, is exempt from syrup tax.

Purpose

The carbonated beverage tax changed in 1991. Instead of taxation at first possession of the product, the tax applied at the wholesale transaction. This exemption avoided double taxation of the same product in 1991.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. This exemption no longer applies.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

This exemption is no longer applicable due to the shelf-life of syrup.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

82.64.040 - Taxes paid in other states

Description

Businesses may take a credit against the syrup tax for similar taxes paid in another state or foreign county.

Purpose

Avoids double taxation of the same product.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Indeterminate	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Indeterminate	Indeterminate	Indeterminate
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- West Virginia, Arkansas, and the City of Chicago have various carbonated beverage syrup taxes.
- There is no data showing carbonated beverage syrup being imported into the state from these areas.
- The taxpayer savings are Indeterminate but assumed minimal.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1989
Primary Beneficiaries:	Carbonated beverage syrup importers
Taxpayer Count:	Indeterminate
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

Solid Waste Collection

82.18.050 - Refuse service for federal government

Description

Garbage collection service provided to the federal government is exempt from the 3.6 percent refuse collection tax.

Purpose

To reflect the prohibition against taxing the federal government.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.390	$0.399	$0.410	$0.422
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues, as the state cannot tax the federal government.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rate derived from February 2015 Economic and Revenue Forecast Council forecast.
- Collecting tax revenue would be unconstitutional, so there is no revenue gain.

Data Sources

Economic and Revenue Forecast Council February 2015 forecast

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1986
Primary Beneficiaries:	The United States government and its agencies
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	Excluded from JLARC review

Timber Excise Tax

84.33.075 - Nonprofit youth organizations

Description

Timber harvested on lands owned by a nonprofit, social service organization is exempt from timber tax if the land is exempt from property tax under RCW 84.36.030 and income from the timber sales promotes, operates, and maintains youth programs.

The exemption is only available if the youth programs are available to all youth, regardless of race, color, national origin, ancestry or religion.

Purpose

Reduces the cost of operating youth programs by nonprofit organizations.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	D	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	D	D	D
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Fewer than three taxpayers benefit from this exemption, so the revenue impact may not be disclosed.
- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.
- Impact is minimal.

Data Sources

Department of Revenue data

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	1980
Primary Beneficiaries:	Youth organizations
Taxpayer Count:	Fewer than three
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2011

84.33.0775 - Credit, salmon habitat

Description

Timber harvested on land that is subject to enhanced aquatic resource requirements as determined by the Department of Natural Resources, such as riparian zones (defined as the interface between land and a river or stream), wetlands, or steep or unstable slopes receives a tax credit against the state portion of the timber excise tax. The credit effectively lowers the total timber excise tax rate from 5.0 percent to 4.2 percent.

Purpose

Helps offset the costs to timber owners associated with setting aside larger timber buffers and other forest management practices intended to protect the environment, including salmon habitat.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$7.531	$7.531	$7.531	$7.531
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$6.903	$7.531	$7.531
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1999
Primary Beneficiaries:	Timber owners
Taxpayer Count:	2,622
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2015

84.33.0776 - Timber harvest excise tax agreement - Quinault Nation

Description

The timber excise tax on timber harvested on fee lands within the boundaries of the Quinault reservation may be exempt from state and county timber tax. The Governor may enter into an agreement with the Quinault Nation. The agreement must provide that the tribal tax will be credited against the state and county taxes.

Purpose

To enable the Quinault Nation to benefit from the timber excise tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

None.

Data Sources

Department staff in the Special Programs section

Additional Information

Additional Information	
Category:	Government
Year Enacted:	2007
Primary Beneficiaries:	The Quinault Nation
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC has scheduled to review in 2018

84.33.086 - $50 minimum timber tax

Description

Any timber harvester incurring less than $50 in timber excise tax liability per quarter is exempt from the timber excise tax.

Purpose

To support smaller harvesters and to reduce administrative costs for harvesters and the Department.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.001	$0.001	$0.001	$0.001
Local Taxes	$0.004	$0.004	$0.004	$0.004

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.001	$0.001	$0.001
Local Taxes	$0.000	$0.004	$0.004	$0.004

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.

Data Sources

Department of Revenue excise tax return data

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1984
Primary Beneficiaries:	Small timber harvesters, mostly harvesters of timber on private lands
Taxpayer Count:	195
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2012

84.33.170 - Christmas trees and cottonwoods

Description

Christmas trees and short-rotation hardwoods, such as cottonwoods grown by agricultural methods are not subject to the timber excise tax. However, when short rotation hardwoods are cultivated by agricultural methods on land classified under RCW Chapter 84.34 as timber land, they are subject to timber excise tax.

Purpose

To recognize that these trees are considered agricultural products, which are not subject to a tax on their harvest value.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.418	$0.418	$0.418	$0.418
Local Taxes	$1.671	$1.671	$1.671	$1.671

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.383	$0.418	$0.418
Local Taxes	$0.000	$1.532	$1.671	$1.671

Assumptions

- July 1, 2016 effective date, with 11 months of collections in Fiscal Year 2017.
- Growth will be zero.

Data Sources

- Department of Revenue excise tax return data
- United States Agricultural Census

Additional Information

Additional Information	
Category:	Agriculture
Year Enacted:	1971
Primary Beneficiaries:	Growers of Christmas trees and hardwoods
Taxpayer Count:	722
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2010

Vehicle Excise Taxes

82.44.125 - Excluded vehicles

Description

The motor vehicle excise tax does not apply to the following vehicles:

(a) Campers, as defined in RCW 46.04.085 ;
(b) Dock and warehouse tractors and their cars or trailers;
(c) Equipment not designed primarily for use on public highways;
(d) Exempt registered vehicles;
(e) Lumber carriers of the type known as spiders;
(f) Mobile homes, as defined in RCW 46.04.302 ;
(g) Passenger motor vehicles, as described in RCW 82.44.015 ;
(h) Travel trailers, as defined in RCW 46.04.623 ;
(i) Vehicles not used on the public highways; and
(j) Vehicles owned by nonresident military personnel of the armed forces of the United States stationed in the state of Washington if the nonresident military member was a nonresident of this state when enlisted into military service.

Purpose

The state tax was repealed in 2000 for most vehicles, there are some local motor vehicle excise taxes earmarked for funding of specific local projects and services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing this exemption would increase local revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- The state motor vehicle excise tax was repealed in 2000.
- State revenues would not be impacted if the exemptions under RCW 82.44.125 were repealed.
- Local revenues would be realized if these exemptions were repealed and local jurisdictions chose to assess, but these are indeterminate at this time.

Data Sources

None

Continued

82.44.125 - Excluded vehicles

Additional Information

Additional Information	
Category:	Tax base
Year Enacted:	1955
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None
JLARC Review:	Not on JLARC review schedule

82.44.015 - Ride-sharing vehicles

Description

The motor vehicle excise tax is exempt on passenger vehicles used primarily for commuter ride sharing and transportation of persons with special needs. The vehicles must be used as ride-sharing vehicles for 36 consecutive months beginning from the date of purchase and, in the case of vehicles used for commuter ride-sharing, meet vehicle and operation requirements.

Purpose

To encourage commute trip reduction and to alleviate congestion on the state's highways and assist those with special needs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	Unknown	Unknown	Unknown	Unknown

Repeal of exemption

Repealing this exemption would increase only local revenues because the state tax has been repealed.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	Unknown	Unknown	Unknown

Assumptions

- State excise tax was repealed, so no state impact.
- Unknown local impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1980
Primary Beneficiaries:	Businesses that operate van pools for their employees
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2021

82.48.100(1) - Government aircraft

Description

The aircraft excise tax does not apply to aircraft owned by and used exclusively in the service of governmental entities which are not engaged in carrying persons or property for commercial purposes.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues in the case of federal aircraft. However repealing this exemption would increase revenues in the case of state and local aircraft.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The amount of tax exempted cannot be determined.
- The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Government
Year Enacted:	1949
Primary Beneficiaries:	Governmental Entities
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	Excluded from JLARC review

82.48.100(2) - Aircraft registered in a foreign country

Description

The aircraft excise tax does not apply to aircraft registered under the laws of a foreign country.

Purpose

Reflects the legislative policy of not taxing property located out of state and the constitutional prohibition against taxing such property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues due to challenge under federal law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1949
Primary Beneficiaries:	Washington owners of private aircraft registered in another state or country
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.48.100(3) - Nonresident aircraft registered outside Washington

Description

Aircraft owned by a nonresident and registered in another state is exempt from the aircraft excise tax if the aircraft remains or is based in this state for a period of less than 90 days.

Purpose

Reflects the legislative policy of not taxing property located out of state and the constitutional prohibition against taxing such property.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Enforcement under current laws would be difficult.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The amount of exempted from tax cannot be determined.
- The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1949
Primary Beneficiaries:	Nonresident Aircraft Owners
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.48.100(4) - Commercial aircraft

Description

The aircraft excise tax does not apply to aircraft engaged principally in commercial flying that constitutes interstate or foreign commerce. However, this exemption does not apply to such aircraft if it will be in this state exclusively for the purpose of continual storage of not less than one full calendar year.

Purpose

The purpose of this exemption is to not interfere with foreign or interstate commerce.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The repeal would be challenged under federal law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Interstate Commerce
Year Enacted:	1949
Primary Beneficiaries:	Commercial interstate air carriers
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.48.100(5) - Aircraft testing or crew training

Description

The aircraft excise tax does not apply to aircraft owned by the manufacturer while being operated for test or experimental purposes, or for the purpose of training crews for purchasers of the aircraft.

Purpose

To lower operating costs of manufacturers developing new aircraft and lowering crew training costs.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The amount of exempted tax amount cannot be determined.
- The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1949
Primary Beneficiaries:	Manufacturers of aircraft
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC completed a full review in 2009

82.48.100(6) - Aircraft held for sale

Description

Aircraft held as stock in trade by a licensed aircraft dealer for the sole purpose of sale, exchange, delivery, testing, or demonstration purposes are exempt from the aircraft excise tax.

Purpose

The exemption treats aircraft held for sale the same as business inventories which are exempt from personal property tax.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The amount of exempted tax amount cannot be determined.
- The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	1955
Primary Beneficiaries:	Aircraft dealers
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2009

82.48.100(7) - Nonresident keeping aircraft in-state at Pullman-Moscow Airport

Description

Nonresident owners of planes kept at an airport jointly owned by governmental entities of Washington and another state are exempt from the aircraft excise tax. The nonresident owner must pay all taxes, license fees, and registration fees required by the state where the owner resides.

Purpose

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

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.001	$0.001	$0.001	$0.001
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. Nonresident owners could relocate their planes to their home state.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The amount of the exemption will be constant each year, no growth is expected.
- The tax adjustment to the Aeronautics fund is not material and is not shown in this estimate
- Eleven month cash collection for Fiscal Year 2017 has no material impact to total revenues

Data Sources

The Pullman-Moscow Airport Physical Inventory of Planes April 2015

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1999
Primary Beneficiaries:	Nonresidents keeping their aircraft at the Pullman-Moscow Airport
Taxpayer Count:	18
Program Inconsistency:	None
JLARC Review:	JLARC completed an expedited review in 2014

82.44.015 - Ride-sharing vehicles

Description

An aircraft excise tax exemption is provided for nonprofit, emergency medical air transport providers.

Purpose

To ease the tax burden on nonprofit organization providing emergency air transport services.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	Unknown	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	Unknown	Unknown	Unknown
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- The amount of exempted tax amount cannot be determined.
- The Washington State Department of Transportation Aviation Division does not track this information.

Data Sources

None

Additional Information

Additional Information	
Category:	Nonprofit
Year Enacted:	2010
Primary Beneficiaries:	Non profit medical ambulance services
Taxpayer Count:	Unknown
Program Inconsistency:	None
JLARC Review:	JLARC has scheduled to review in 2018

82.49.020(3) - Boats under 16 feet

Description

Vessels under sixteen feet in overall length are exempt from the Watercraft Excise Tax.

Purpose

To minimize administrative costs and to mirror the exemption from vessel registration under chapter 88.02 RCW for certain vessels under sixteen feet.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$3.164	$3.360	$3.558	$3.747
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$3.558	$3.747
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

- Growth rates will mirror the disposable personal income growth rates reflected in the February 2015 economic forecast.
- Eleven month cash collection impact for Fiscal Year 2017 due to July 1, 2016 effective date.

Data Sources

Economic & Revenue Forecast Council February 2015 Forecast

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1983
Primary Beneficiaries:	Small boat owners
Taxpayer Count:	Unknown
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited review in 2013

82.50.520(1-4) - Travel trailers and campers

Description

Travel trailers and camper units that are not subject to Travel Trailers and Campers Excise Tax (Chapter 82.50 RCW) include:

(1) unoccupied units held in inventory by a manufacturer or dealer in the course of business;
(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.

The Legislature repealed tax-related portions of this chapter in 2000 along with the motor vehicle excise tax.

Purpose

This statute is no longer relevant.

Taxpayer savings

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. The tax was repealed, while the statute containing these exemptions remains in the law.

Potential revenue gains from full repeal

($ in millions):

	FY 2016	FY 2017	FY 2018	FY 2019
State Taxes	$0.000	$0.000	$0.000	$0.000
Local Taxes	$0.000	$0.000	$0.000	$0.000

Assumptions

None

Data Sources

None

Additional Information

Additional Information	
Category:	Individuals
Year Enacted:	1971
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	The taxation portions in this chapter of RCW have been repealed, these exemptions are no longer relevant
JLARC Review:	Not on JLARC review schedule

Appendix A
Authorizing Statute for the Tax Exemption Study

RCW 43.06.400
Listing of reduction in revenues from tax exemptions to be submitted to legislature by department of revenue — Periodic review and submission of recommendations to legislature by governor. (*Effective July 1, 2015.*)

(1) Beginning in January 1984, and in January of every fourth year thereafter, the department of revenue must submit to the legislature prior to the regular session a listing of the amount of reduction for the current and next biennium in the revenues of the state or the revenues of local government collected by the state as a result of tax exemptions. The listing must include an estimate of the revenue lost from the tax exemption, the purpose of the tax exemption, the persons, organizations, or parts of the population which benefit from the tax exemption, and whether or not the tax exemption conflicts with another state program. The listing must include but not be limited to the following revenue sources:

(a) Real and personal property tax exemptions under Title 84 RCW;

(b) Business and occupation tax exemptions, deductions, and credits under chapter 82.04 RCW;

(c) Retail sales and use tax exemptions under chapters 82.08, 82.12, and 82.14 RCW;

(d) Public utility tax exemptions and deductions under chapter 82.16 RCW;

(e) Food fish and shellfish tax exemptions under chapter 82.27 RCW;

(f) Leasehold excise tax exemptions under chapter 82.29A RCW;

(g) Motor vehicle and special fuel tax exemptions and refunds under chapter 82.38 RCW;

(h) Aircraft fuel tax exemptions under chapter 82.42 RCW;

(i) Motor vehicle excise tax exclusions under chapter 82.44 RCW; and

(j) Insurance premiums tax exemptions under chapter 48.14 RCW.

(2) The department of revenue must prepare the listing required by this section with the assistance of any other agencies or departments as may be required.

(3) The department of revenue must present the listing to the ways and means committees of each house in public hearings.

(4) Beginning in January 1984, and every four years thereafter the governor is requested to review the report from the department of revenue and may submit recommendations to the legislature with respect to the repeal or modification of any tax exemption. The ways and means committees of each house and the appropriate standing committee of each house must hold public hearings and take appropriate action on the recommendations submitted by the governor.

(5) As used in this section, "tax exemption" means an exemption, exclusion, or deduction from the base of a tax; a credit against a tax; a deferral of a tax; or a preferential tax rate.

(6) For purposes of the listing due in January 2012, the department of revenue does not have to prepare or update the listing with respect to any tax exemption that would not be likely to increase state revenue if the exemption was repealed or otherwise eliminated.

[2013 c 225 § 605; 2011 1st sp.s. c 20 § 201; 1999 c 372 § 5; 1987 c 472 § 16; 1983 2nd ex.s. c 3 § 60.]

2016 Tax Exemption Study

Appendix B - Detailed List

KEY C = Combined with estimate above / D = Unable to disclose / I = Impact is indeterminate / M = Minimal but not zero *Dollars* Taxpayer Savings - STATE $'s *Millions*

2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
1	48.32.130	Insurance guarantee association	B&O Tax	Exemption	Business	1971			0.036	0.036	0.036	0.036
2	82.04	Environmental handling charges	B&O Tax	Exemption	Business	2015			0.008	0.009	0.009	0.009
3	82.04	Alternative fuel commercial vehicle tax credit	B&O Tax	Credit	Business	2015			0.000	0.000	0.000	0.000
4	82.04	Marijuana grown or marijuana products manufactured by a cooperative	B&O Tax	Exemption	Business	2015			I	I	I	I
5	82.04	Businesses that hire veterans	B&O Tax	Credit	Business	2015	06/30/2023		0.000	0.450	0.450	0.450
6	82.04.062	Precious metals and bullion	B&O Tax	Exclusion	Business	1985			0.675	0.712	0.747	0.779
7	82.04.110(2b)	Aluminum master alloys	B&O Tax	Exclusion	Business	1997			D	D	D	D
8	82.04.120(2a)	Hay cubing	B&O Tax	Exclusion	Agriculture	1997			0.546	0.546	0.546	0.560
9	82.04.120(2a)	Seed conditioning	B&O Tax	Exclusion	Agriculture	1987			1.973	2.076	2.182	2.295
10	82.04.120(2b)	Seafood processing	B&O Tax	Exclusion	Business	1975			0.000	0.000	0.000	0.000
11	82.04.120(2d)	Packing agricultural products	B&O Tax	Exclusion	Agriculture	1999			0.000	0.000	0.000	0.000
12	82.04.120(2e,f)	Computer software and digital goods	B&O Tax	Exclusion	Tax base	2003			0.000	0.000	0.000	0.000
13	82.04.240(2)	Semiconductor materials manufacturing after $1 billion investment	B&O Tax	Preferential Rate	Business	2003			0.000	0.000	0.000	0.000
14	82.04.2403	Fish cleaning	B&O Tax	Exclusion	Business	1994			0.019	0.019	0.019	0.019
15	82.04.2404	Semiconductor materials manufacturing - preferential rate	B&O Tax	Preferential Rate	Business	2006	12/01/2018		D	D	D	D
16	82.04.250(3)	Certified aircraft repair firms	B&O Tax	Preferential Rate	Business	2003	07/01/2040		0.546	0.571	0.597	0.624
17	82.04.255	Shared real estate commissions	B&O Tax	Preferential Rate	Business	1970			33.690	34.660	35.650	36.670
18	82.04.260(11)	Commercial airplane manufacturing	B&O Tax	Preferential Rate	Business	2003			120.724	126.329	132.081	137.999
19	82.04.260(12)	Timber and wood products extracting or manufacturing	B&O Tax	Preferential Rate	Business	2006	07/01/2024		19.884	20.808	21.755	22.730
20	82.04.260(13)	Canned salmon services	B&O Tax	Preferential Rate	Business	2006			D	D	D	D
21	82.04.260(14)	Printing and publishing newspapers	B&O Tax	Preferential Rate	Business	2009			1.105	1.105	1.105	1.105
22	82.04.260(1a)	Flour and oil manufacturing	B&O Tax	Preferential Rate	Agriculture	1949			0.071	0.074	0.077	0.081
23	82.04.260(1b)	Seafood products manufacturing	B&O Tax	Preferential Rate	Business	2012			1.890	1.978	2.068	2.161
24	82.04.260(1c)	Dairy products manufacturing	B&O Tax	Preferential Rate	Agriculture	2012			3.688	3.840	3.997	4.161
25	82.04.260(1d)	Fruit and vegetable manufacturing	B&O Tax	Preferential Rate	Agriculture	2012			12.330	12.694	13.068	13.454

2016 Tax Exemption Study

Appendix B - Detailed List

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value (*Dollars*)	FY 2016	FY2017	FY 2018	FY2019
									Taxpayer Savings - STATE $'s *Millions*			
26	82.04.260(1f)	Wood biomass fuel manufacturing	B&O Tax	Preferential Rate	Business	2003			D	D	D	D
27	82.04.260(2)	Dried pea processors	B&O Tax	Preferential Rate	Agriculture	1967			0.004	0.004	0.004	0.004
28	82.04.260(3)	Nonprofit research and development	B&O Tax	Preferential Rate	Business	1965			D	D	D	D
29	82.04.260(4)	Meat processors	B&O Tax	Preferential Rate	Agriculture	1967			22.639	23.690	24.769	25.879
30	82.04.260(5)	Travel agents and tour operators	B&O Tax	Preferential Rate	Business	1975			5.836	6.107	6.385	6.671
31	82.04.260(6)	International charter and freight brokers	B&O Tax	Preferential Rate	Business	1979			6.230	6.567	6.897	7.237
32	82.04.260(7)	Stevedoring	B&O Tax	Preferential Rate	Business	1979			8.424	8.879	9.326	9.785
33	82.04.260(9)	Insurance producers, title insurance agents, and surplus line brokers	B&O Tax	Preferential Rate	Business	1983			24.321	25.636	26.925	28.251
34	82.04.263	Radioactive waste cleanup	B&O Tax	Preferential Rate	Business	2009			27.800	27.800	27.800	27.800
35	82.04.272	Prescription drug resellers	B&O Tax	Preferential Rate	Business	1998			17.524	18.337	19.172	20.031
36	82.04.280	Rental of real estate	B&O Tax	Exclusion	Business	1935			61.631	64.644	67.287	69.769
37	82.04.280(1f)	Radio and TV broadcasting	B&O Tax	Deduction	Interstate Commerce	1967			1.000	1.000	1.000	1.000
38	82.04.290(1)	International investment management services	B&O Tax	Preferential Rate	Business	1995			17.742	18.904	19.949	21.007
39	82.04.290(3)	Aerospace product development	B&O Tax	Preferential Rate	Business	2008	07/01/2040		1.837	1.979	2.090	2.207
40	82.04.2905	Child care	B&O Tax	Preferential Rate	Business	1998			0.978	1.032	1.082	1.129
41	82.04.2906	Chemical dependency treatment	B&O Tax	Preferential Rate	Business	2003			0.169	0.177	0.186	0.195
42	82.04.2908	Assisted living facilities	B&O Tax	Preferential Rate	Business	2004			9.751	9.751	9.751	9.751
43	82.04.2909	Aluminum manufacturing and wholesaling	B&O Tax	Preferential Rate	Business	2004	01/01/2017		D	D	D	D
44	82.04.294	Solar energy and silicon product manufacturers	B&O Tax	Preferential Rate	Business	2005	06/30/2017		0.778	0.809	0.000	0.000
45	82.04.298(2)	Grocery distribution co-ops	B&O Tax	Deduction	Business	2001			D	D	D	D
46	82.04.310(1)	Public utilities	B&O Tax	Exemption	Tax base	1935			61.000	63.400	66.400	69.300
47	82.04.310(2)	Electricity sales for resale	B&O Tax	Exemption	Tax base	2000			D	D	D	D
48	82.04.310(3)	Natural gas surplus sales	B&O Tax	Exemption	Tax base	2007			M	M	M	M
49	82.04.311	Tobacco Settlement Authority	B&O Tax	Exemption	Government	2002			D	D	D	D
50	82.04.315	International banking facilities	B&O Tax	Exemption	Business	1982			5.800	6.770	7.820	8.610

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
51	82.04.317; 82.04.422(1)	Wholesale auto auctions	B&O Tax	Exemption	Business	1997			1.410	1.468	1.513	1.534
52	82.04.320	Insurance premiums	B&O Tax	Exemption	Tax base	1935			584.000	614.000	644.000	677.000
53	82.04.322	Health maintenance organizations	B&O Tax	Exemption	Tax base	1993			237.400	252.800	269.200	286.700
54	82.04.323	Health Benefit Exchange	B&O Tax	Exemption	Business	2013	07/01/2023		D	D	D	D
55	82.04.324	Nonprofit blood, bone and tissue banks	B&O Tax	Exemption	Nonprofit	1995			D	D	D	D
56	82.04.326	Organ procurement	B&O Tax	Exemption	Nonprofit	2002			D	D	D	D
57	82.04.327	Adult family homes	B&O Tax	Exemption	Nonprofit	1987			3.048	3.048	3.048	3.048
58	82.04.330; 82.04.100	Christmas tree producers	B&O Tax	Exemption	Agriculture	1987			0.197	0.195	0.193	0.192
59	82.04.330	Agricultural producers	B&O Tax	Exemption	Agriculture	1935			51.800	53.900	56.100	58.300
60	82.04.331	Conditioned seed wholesaling	B&O Tax	Exemption	Agriculture	1998			0.892	0.940	0.990	1.043
61	82.04.332	Grain and unprocessed milk wholesaling	B&O Tax	Exemption	Agriculture	1998			7.100	7.200	7.200	7.200
62	82.04.333	Small timber harvesters	B&O Tax	Exemption	Business	2007			0.056	0.056	0.057	0.058
63	82.04.334	Standing timber exclusion	B&O Tax	Exemption	Business	2007			I	I	I	I
64	82.04.335	Agricultural fairs	B&O Tax	Exemption	Agriculture	1965			0.585	0.591	0.597	0.603
65	82.04.337	Hops processed and exported	B&O Tax	Exemption	Agriculture	1987			1.940	1.940	1.940	1.940
66	82.04.338	Hop Commission services	B&O Tax	Exemption	Agriculture	1998			0.021	0.021	0.021	0.021
67	82.04.339	Church child care	B&O Tax	Exemption	Nonprofit	1992			0.784	0.788	0.830	0.873
68	82.04.3395	Child care resources and referral	B&O Tax	Exemption	Nonprofit	1995			0.215	0.224	0.233	0.242
69	82.04.340	Boxing and wrestling matches	B&O Tax	Exemption	Tax base	1935			0.094	0.097	0.100	0.103
70	82.04.350	Horse racing	B&O Tax	Exemption	Tax base	1935			D	D	D	D
71	82.04.355	Ride-sharing and special needs transportation	B&O Tax	Exemption	Other	1979			M	M	M	M
72	82.04.360	Life insurance sales employees	B&O Tax	Exemption	Business	1991			1.132	1.166	1.202	1.238
73	82.04.360	Income of employees	B&O Tax	Exemption	Tax base	1935			1,764.390	1,866.534	1,966.411	2,074.626
74	82.04.363	Nonprofit camps and conference centers	B&O Tax	Exemption	Nonprofit	1997			0.492	0.507	0.522	0.538
75	82.04.3651	Nonprofit organization fund-raising	B&O Tax	Exemption	Nonprofit	1998			48.292	49.741	51.233	52.770
76	82.04.367	Nonprofit student loan organizations	B&O Tax	Exemption	Nonprofit	1987			0.000	0.000	0.000	0.000
77	82.04.368	Nonprofit credit and debt counseling	B&O Tax	Exemption	Nonprofit	1993			M	M	M	M
78	82.04.370	Fraternal insurance	B&O Tax	Exemption	Other	1935			2.700	2.700	2.700	2.700
79	82.04.380	Federal instrumentalities furnishing aid and relief	B&O Tax	Exemption	Nonprofit	1935			D	D	D	D
80	82.04.385	Nonprofit sheltered workshops	B&O Tax	Exemption	Nonprofit	1970			3.020	3.220	3.430	3.660
81	82.04.390	Real estate sales	B&O Tax	Exemption	Tax base	1935			241.894	254.279	263.034	271.869

2016 Tax Exemption Study

Appendix B - Detailed List

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
82	82.04.392	Amounts from trust accounts received by mortgage brokers	B&O Tax	Exemption	Business	1997			0.562	0.602	0.643	0.697
83	82.04.395	Printing by schools	B&O Tax	Exemption	Government	1979			0.042	0.042	0.042	0.042
84	82.04.397	Printing by local governments	B&O Tax	Exemption	Government	1979			0.012	0.012	0.012	0.012
85	82.04.399	Academic transcripts	B&O Tax	Exemption	Nonprofit	1996			0.010	0.010	0.010	0.010
86	82.04.405	Credit unions - federal chartered	B&O Tax	Exemption	Business	1970			3.000	3.000	3.100	3.200
87	82.04.405	Credit unions - state chartered	B&O Tax	Exemption	Business	1970			26.800	27.300	27.900	28.400
88	82.04.408	Housing Finance Commission	B&O Tax	Exemption	Government	1983			D	D	D	D
89	82.04.410	Hatching eggs and poultry	B&O Tax	Exemption	Agriculture	1935			0.002	0.002	0.002	0.002
90	82.04.415	Sand and gravel for local road construction	B&O Tax	Exemption	Government	1965			0.128	0.128	0.128	0.128
91	82.04.416	2nd Narrows bridge	B&O Tax	Exemption	Business	1998			D	D	D	D
92	82.04.418	Grants to local government	B&O Tax	Exemption	Government	1983			0.000	0.000	0.000	0.000
93	82.04.419	Local government business income	B&O Tax	Exemption	Government	1983			157.000	161.000	165.000	169.000
94	82.04.4201	Regional Transit Authority Sales and Leasebacks	B&O Tax	Exemption	Government	2000			0.000	0.000	0.000	0.000
95	82.04.421	Group discount purchases	B&O Tax	Exemption	Business	1997			0.000	0.000	0.000	0.000
96	82.04.422(2)	Accommodation sales of automobiles	B&O Tax	Exemption	Tax base	2001			0.938	1.024	1.055	1.070
97	82.04.424	Sellers with limited Washington connection	B&O Tax	Exemption	Business	2003			1.859	1.963	2.062	2.162
98	82.04.425	Accommodation sales	B&O Tax	Exemption	Tax base	1955			0.819	0.873	0.914	0.928
99	82.04.4251	Nonprofit convention and tourism promotion	B&O Tax	Exemption	Nonprofit	2006			0.000	0.000	0.000	0.000
100	82.04.426	Semiconductor microchip manufacturing after $1 billion investment	B&O Tax	Exemption	Business	2003			0.000	0.000	0.000	0.000
101	82.04.4261	Federal small business innovation grants	B&O Tax	Exemption	Business	2004			0.301	0.318	0.335	0.353
102	82.04.4262	Federal small business technology transfer grants	B&O Tax	Exemption	Business	2004			0.000	0.104	0.110	0.116
103	82.04.4263	Life sciences discovery fund	B&O Tax	Exemption	Government	2005			D	D	D	D
104	82.04.4264	Nonprofit assisted living facilities	B&O Tax	Exemption	Nonprofit	2005			0.098	0.098	0.098	0.098
105	82.04.4265	Comprehensive cancer centers	B&O Tax	Exemption	Nonprofit	2005			D	D	D	D
106	82.04.4266	Fruit and vegetable manufacturing or processing	B&O Tax	Exemption	Business	2005	07/01/2025		4.723	4.723	4.723	4.723
107	82.04.4267	Parking and business improvement areas	B&O Tax	Exemption	Business	2005			0.312	0.328	0.344	0.362
108	82.04.4268	Dairy products manufacturing or wholesaling	B&O Tax	Exemption	Business	2006	07/01/2025		1.300	1.300	1.300	1.300

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
109	82.04.4269	Seafood products manufacturing	B&O Tax	Exemption	Business	2006	07/01/2025		0.700	0.700	0.700	0.700
110	82.04.427; 82.34.060(2)	Pollution control facilities	B&O Tax	Credit	Business	1967			0.633	0.633	0.633	0.633
111	82.04.4271	Nonprofit youth organization fees	B&O Tax	Deduction	Nonprofit	1981			0.513	0.528	0.544	0.560
112	82.04.4272	Direct mail delivery charges	B&O Tax	Deduction	Business	2005			0.020	0.021	0.022	0.023
113	82.04.4274	Nonprofit property management	B&O Tax	Deduction	Tax base	2011			0.728	0.769	0.810	0.852
114	82.04.4275	Child welfare services	B&O Tax	Deduction	Nonprofit	2011			0.725	0.725	0.725	0.725
115	82.04.4277	Mental health services	B&O Tax	Deduction	Nonprofit	2011	08/01/2016		1.873	0.156	0.000	0.000
116	82.04.4281(a)	Investments by nonfinancial firms	B&O Tax	Deduction	Tax base	1935			307.000	325.000	342.000	357.000
117	82.04.4281(b,c)	Investment of businesses in related entities	B&O Tax	Deduction	Tax base	1970			I	I	I	I
118	82.04.4282(1,2)	Membership dues and fees	B&O Tax	Deduction	Nonprofit	1935			14.759	16.691	17.398	18.134
119	82.04.4282(3,4)	Contributions and donations	B&O Tax	Deduction	Tax base	1935			8.127	8.546	8.947	9.352
120	82.04.4282(5)	Tuition and fees	B&O Tax	Deduction	Nonprofit	1935			9.965	10.479	10.971	11.468
121	82.04.4282(6)	Trade shows	B&O Tax	Deduction	Nonprofit	1989			0.011	0.012	0.013	0.013
122	82.04.4282(7)	Private kindergartens	B&O Tax	Deduction	Nonprofit	1965			0.000	0.000	0.000	0.000
123	82.04.4282(8)	Endowment funds	B&O Tax	Deduction	Tax base	1935			0.000	0.000	0.000	0.000
124	82.04.4283	Cash discounts	B&O Tax	Deduction	Tax base	1935			70.386	74.319	78.034	81.936
125	82.04.4284	Bad debts	B&O Tax	Deduction	Business	1935			12.956	13.592	14.259	14.959
126	82.04.4285	Motor fuel taxes	B&O Tax	Deduction	Tax base	1935			6.807	8.371	8.659	8.882
127	82.04.4286	Constitutional deductions	B&O Tax	Deduction	Interstate Commerce	1935			756.461	795.498	832.851	870.554
128	82.04.4287	Processing horticultural products	B&O Tax	Deduction	Agriculture	1935			3.955	4.100	4.280	4.500
129	82.04.4289	Nonprofit kidney dialysis, nursing homes, and hospice	B&O Tax	Deduction	Nonprofit	1945			5.100	5.203	5.307	5.413
130	82.04.4291	Services performed between local governments	B&O Tax	Deduction	Government	1970			0.000	0.000	0.000	0.000
131	82.04.4292	Interest on real estate loans	B&O Tax	Deduction	Business	1970			33.030	33.961	34.365	35.052
132	82.04.4293	Interest from state and municipal obligations	B&O Tax	Deduction	Government	1970			3.890	3.930	4.010	4.100
133	82.04.4294	Interest on agricultural loans	B&O Tax	Deduction	Agriculture	1970			4.500	4.500	4.500	4.500
134	82.04.4295	Minor final assembly completed in Washington	B&O Tax	Deduction	Business	1977			0.000	0.000	0.000	0.000
135	82.04.4296	Funeral home reimbursement	B&O Tax	Deduction	Business	1979			0.029	0.030	0.032	0.033
136	82.04.4297	Nonprofit organization government grants	B&O Tax	Deduction	Nonprofit	1979			96.585	99.482	102.467	105.540
137	82.04.4298	Condominium homeowner maintenance fees	B&O Tax	Deduction	Business	1979			10.203	10.313	10.424	10.535
138	82.04.4311	Medicare payments to public and nonprofit hospitals	B&O Tax	Deduction	Nonprofit	2002			122.000	131.000	140.000	150.000

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139	82.04.432	Municipal sewer service payments	B&O Tax	Deduction	Government	1967			2.173	2.238	2.350	2.374
140	82.04.4322	Arts organizations - government grants	B&O Tax	Deduction	Nonprofit	1981			0.820	0.845	0.870	0.896
141	82.04.4324	Arts organizations - value of items manufactured	B&O Tax	Deduction	Nonprofit	1981			0.127	0.131	0.135	0.139
142	82.04.4326	Arts organizations - tuition program charges	B&O Tax	Deduction	Nonprofit	1981			0.656	0.676	0.695	0.717
143	82.04.4327	Arts organizations - income from business activities	B&O Tax	Deduction	Nonprofit	1981			2.760	2.919	3.080	3.243
144	82.04.433	Fuel used in commercial vessels	B&O Tax	Deduction	Business	1985			3.112	3.357	3.472	3.562
145	82.04.4331	Insurance claims for state health care coverage	B&O Tax	Deduction	Tax base	1988			0.000	0.000	0.000	0.000
146	82.04.4332	Tuition fees - foreign degree-granting institutions	B&O Tax	Deduction	Nonprofit	1993			7.000	7.000	7.000	7.000
147	82.04.4333	Job training services	B&O Tax	Deduction	Business	1996			0.000	0.000	0.000	0.000
148	82.04.4337	Medicaid payments to assisted living facilities	B&O Tax	Deduction	Business	2004			1.304	1.304	1.304	1.304
149	82.04.4339	Salmon habitat restoration grants	B&O Tax	Deduction	Business	2004			0.527	0.527	0.527	0.527
150	82.04.43391	Commercial aircraft loan interest and fees	B&O Tax	Deduction	Business	2010			D	D	D	D
151	82.04.43392	Dispute Resolution Services	B&O Tax	Deduction	Business	2012			0.007	0.007	0.007	0.007
152	82.04.43393	Paymaster Services for Affiliates	B&O Tax	Deduction	Business	2013			0.330	0.343	0.356	0.369
153	82.04.43394	Cooperative finance organizations	B&O Tax	Deduction	Business	2013	07/01/2017		D	D	D	D
154	82.04.434	Testing and safety labs	B&O Tax	Credit	Business	1991			0.000	0.000	0.000	0.000
155	82.04.440(2&3)	Multiple activities tax credit - instate	B&O Tax	Credit	Interstate Commerce	1987			174.000	183.000	190.000	196.000
156	82.04.440(4)	Multiple activities tax credit - interstate	B&O Tax	Credit	Interstate Commerce	1985			1.211	1.272	1.322	1.363
157	82.04.4451	Small business credit	B&O Tax	Credit	Business	1994			50.000	51.000	53.000	54.000
158	82.04.44525	International services credit	B&O Tax	Credit	Business	1998			0.076	0.800	0.085	0.089
159	82.04.4461	Aerospace pre-production expenditures	B&O Tax	Credit	Business	2003	07/01/2040		88.090	94.883	100.224	105.805
160	82.04.4463	Commercial airplane manufacturing - credit for taxes paid	B&O Tax	Credit	Business	2003	07/01/2040		18.575	20.351	21.497	22.707
161	82.04.447	Natural gas sold to direct service industry (DSI)	B&O Tax	Credit	Business	2001			0.000	0.000	0.000	0.000
162	82.04.448	Semiconductor materials manufacturing after $1 billion investment - new jobs credit	B&O Tax	Credit	Business	2003			0.000	0.000	0.000	0.000
163	82.04.4481	Aluminum smelter credit for property taxes paid	B&O Tax	Credit	Business	2004	01/01/2017		D	D	D	D

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164	82.04.4482	Aluminum smelter purchases of electricity or natural gas	B&O Tax	Credit	Business	2004			0.000	0.000	0.000	0.000
165	82.04.4483	Programming or manufacturing software in rural counties	B&O Tax	Credit	Business	2004	12/31/2010		0.000	0.000	0.000	0.000
166	82.04.4485	Hospital patient lifting devices	B&O Tax	Credit	Business	2006	12/30/2010		0.000	0.000	0.000	0.000
167	82.04.4486	Tax paid on carbonated beverage syrup	B&O Tax	Credit	Business	2006			5.178	5.231	5.284	5.337
168	82.04.4489	Motion Picture Program contributions	B&O Tax	Credit	Business	2012	07/01/2017		3.500	3.500	0.000	0.000
169	82.04.449	Workforce training costs	B&O Tax	Credit	Business	2006	07/01/2021		0.064	0.064	0.064	0.064
170	82.04.540(2)	Professional employer organization wages	B&O Tax	Deduction	Tax base	2006			3.220	3.430	3.520	3.640
171	82.04.600	Printing by libraries	B&O Tax	Exemption	Government	1979			0.005	0.005	0.005	0.005
172	82.04.601	Cigarette stamping	B&O Tax	Exemption	Business	2007			0.004	0.004	0.004	0.004
173	82.04.610	Interstate commerce - import and export shipments	B&O Tax	Exemption	Interstate Commerce	2007			62.480	64.350	66.280	68.270
174	82.04.615	Public development authorities	B&O Tax	Exemption	Government	2007			0.028	0.030	0.031	0.033
175	82.04.620	Prescription drug administration	B&O Tax	Exemption	Business	2007			1.400	1.400	1.400	1.400
176	82.04.625	Custom farm and farm management services	B&O Tax	Exemption	Agriculture	2007	12/31/2020		D	D	D	D
177	82.04.627	Commercial airplane parts	B&O Tax	Exemption	Business	2008			D	D	D	D
178	82.04.629	Honey bee products	B&O Tax	Exemption	Agriculture	2008	07/01/2017		0.006	0.006	0.000	0.000
179	82.04.630	Pollination services by apiarists	B&O Tax	Exemption	Agriculture	2008	07/01/2017		0.008	0.008	0.000	0.000
180	82.04.635	Legal services to low-income persons	B&O Tax	Exemption	Nonprofit	2009			0.500	0.506	0.511	0.517
181	82.04.640	Vaccine Association assessments	B&O Tax	Exemption	Business	2010			D	D	D	D
182	82.04.645	Financial institution affiliate income	B&O Tax	Exemption	Business	2010			I	I	I	I
183	82.04.650	Financial institution investment conduit or securitization entity income	B&O Tax	Exemption	Business	2010			14.000	14.000	14.000	14.000
184	82.04.655	Joint municipal utility authority	B&O Tax	Exemption	Government	2011			D	D	D	D
185	82.04.750	Restaurant employee meals	B&O Tax	Exemption	Business	2011			0.199	0.210	0.221	0.230
186	82.32.045(4)	Minimum to file excise tax return	B&O Tax	Exemption	Business	1996			0.000	0.000	0.000	0.000
187	82.32.055	Active duty military penalty waiver	B&O Tax	Waiver	Business	2008			D	D	D	D

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188	82.62.030; 82.62.045	Rural county and Community Empowerment Zone (CEZ) new jobs	B&O Tax	Credit	Business	1986			1.500	1.500	1.500	1.500
189	82.70.020	Commute trip reduction credit	B&O Tax	Credit	Other	2003	06/30/2024		2.657	2.657	2.657	2.657
190	82.73.030	Commercial area revitalization contributions	B&O Tax	Credit	Other	2005			1.400	1.400	1.500	1.500
191	82.12.022(3)	Natural and manufactured gas not delivered by pipeline	Brokered Natural Gas Tax	Exemption	Tax base	1994			0.000	0.000	0.000	0.000
192	82.12.022(4)	Natural gas subject to public utility tax	Brokered Natural Gas Tax	Exemption	Tax base	1989			32.988	33.920	34.940	36.063
193	82.12.022(5)	Aluminum smelter purchases of natural gas	Brokered Natural Gas Tax	Exemption	Business	2004	01/01/2017		D	D	D	D
194	82.12.022(6)	Taxes paid in other states for natural gas	Brokered Natural Gas Tax	Exemption	Interstate Commerce	1989			0.000	0.000	0.000	0.000
195	82.12.024	Deferral for direct service industries (DSIs)	Brokered Natural Gas Tax	Deferral	Business	2001			0.000	0.000	0.000	0.000
196	82.24.260(1b); 82.24.290	Cigarettes for military personnel	Cigarette & Tobacco Taxes	Exclusion	Government	1940			44.000	44.000	44.000	44.000
197	82.24.260(1c)	Cigarette allotment for Tribes	Cigarette & Tobacco Taxes	Exclusion	Government	1975			3.000	3.000	3.000	3.000
198	82.24.295(1)	Cigarettes covered by tribal contracts	Cigarette & Tobacco Taxes	Exclusion	Government	2001			96.800	96.800	96.800	96.800
199	82.26.040	Constitutional or Federal prohibition on tobacco products	Cigarette & Tobacco Taxes	Exclusion	Government	1940			2.400	2.400	2.400	2.400
200	82.26.110	Tobacco products sold out of state or to Indian Tribes	Cigarette & Tobacco Taxes	Credit	Government	1959			60.000	60.000	60.000	60.000
201	82.27.010(1)	Tuna, mackerel & jack	Enhanced Food Fish Tax	Exemption	Business	1995			0.562	0.562	0.562	0.562
202	82.27.020(2)	Deduction of one-half of fish tax	Enhanced Food Fish Tax	Deduction	Tax base	1980			0.000	0.000	0.000	0.000
203	82.27.020(4)	Fish tax differential rates	Enhanced Food Fish Tax	Preferential Rate	Business	1980			3.562	3.562	3.562	3.562
204	82.27.030(1,3)	Imported frozen or packaged fish	Enhanced Food Fish Tax	Preferential Rate	Tax base	1980			7.210	7.210	7.210	7.210
205	82.27.030(2)	Commercially grown fish & shellfish	Enhanced Food Fish Tax	Preferential Rate	Tax base	1980			6.109	6.109	6.109	6.109
206	82.27.040	Taxes paid in other states	Enhanced Food Fish Tax	Exemption	Tax base	1980			0.194	0.194	0.194	0.194
207	83.100.020(1)	Estate tax threshold	Estate Tax	Exclusion	Individuals	2005			3,810.700	3,953.100	4,311.400	4,467.800
208	83.100.046	Farm property	Estate Tax	Deduction	Agriculture	2005			1.650	1.650	1.650	1.650
209	83.100.047	Marital deduction	Estate Tax	Deduction	Tax base	2005			210.000	210.000	210.000	210.000
210	83.100.048	Family-Owned Business Interest	Estate Tax	Deduction	Individuals	2013			1.200	1.200	1.200	1.200
211	35.58.560	Refund of motor vehicle fuel taxes for METRO	Fuel Tax	Credit	Government	1967			0.000	0.000	0.000	0.000

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212	82.42.230(1)	Crop dusting	Fuel Tax	Refund	Agriculture	1982			I	I	I	I
213	82.42.020	Fuel previously taxed	Fuel Tax	Exemption	Other	1967			0.355	0.359	0.363	0.367
214	82.42.030(1,2)	Imported and exported fuel	Fuel Tax	Exemption	Other	1967			76.197	77.336	78.287	79.123
215	82.42.030(3)	Aircraft fuel sold to federal government	Fuel Tax	Exemption	Government	1971			5.602	5.686	5.756	5.817
216	82.42.030(4,5)	Commercial air operations	Fuel Tax	Exemption	Other	1967			45.907	46.593	47.166	47.669
217	82.42.030(6)	Emergency air transportation	Fuel Tax	Exemption	Other	2003			1.963	1.993	2.017	2.039
218	82.42.030(7)	Fuel sold to licensed distributors	Fuel Tax	Exemption	Other	2013			40.642	41.249	41.757	42.202
219	82.42.030(8)	Fuel delivered into certified bulk storage tanks	Fuel Tax	Exemption	Other	2013			14.239	14.452	14.630	14.786
220	82.42.030(9,10)	Aircraft testing or crew training	Fuel Tax	Exemption	Other	1967			0.000	0.000	0.000	0.000
221	82.38.080	Other special fuel tax exemptions	Fuel Tax	Exemption	Other	1971			0.000	0.000	0.000	0.000
222	82.38.080(1a-c)	Government and public uses	Fuel Tax	Exemption	Government	1971			2.696	3.123	3.193	3.245
223	82.38.080(1d); 82.38.180(3a)	Special needs transportation	Fuel Tax	Exemption	Nonprofit	1983			0.450	0.516	0.520	0.523
224	82.38.080(1e)	Waste vegetable oil biodiesel	Fuel Tax	Exemption	Other	2008			I	I	I	I
225	82.38.080(1f,g); 82.38.180(3b)	Urban transportation	Fuel Tax	Exemption	Government	1957			12.802	14.698	14.802	14.882
226	82.38.080(2a)	Fuel sold to the military	Fuel Tax	Exemption	Government	1933			0.024	0.027	0.027	0.028
227	82.38.080(2b)	Fuel sold to foreign governments	Fuel Tax	Exemption	Government	1967			0.014	0.015	0.016	0.016
228	82.38.080(2c)	Racing fuel	Fuel Tax	Exemption	Tax base	1998			I	I	I	I
229	82.38.083	Handling losses for motor vehicle fuel	Fuel Tax	Deduction	Business	2013			3.292	3.780	3.807	3.828
230	82.38.180(1a)	Nonhighway fuel use	Fuel Tax	Refund	Tax base	1923			8.722	10.090	10.296	10.445
231	82.38.180(1b)	Exported fuel refunds	Fuel Tax	Refund	Interstate Commerce	1923			2.177	2.503	2.527	2.545
232	82.38.180(1d,e); 82.38.180(2d)	Lost or destroyed fuel	Fuel Tax	Refund	Business	1923			0.000	0.000	0.000	0.000
233	82.38.180(1f)	Power pumping unit	Fuel Tax	Refund	Other	1971			2.793	3.235	3.307	3.360
234	82.38.180(2a)	Logging operations using federally owned roads	Fuel Tax	Refund	Other	1998			0.000	0.000	0.000	0.000
235	82.38.180(2b)	Special mobile equipment	Fuel Tax	Refund	Other	1971			0.000	0.000	0.000	0.000
236	82.38.180(2c)	Incidental use of public highway	Fuel Tax	Refund	Other	1979			0.000	0.000	0.000	0.000
237	82.21.040	Agricultural crop protection products	Hazardous Substance Tax	Exemption	Agriculture	2015	01/01/2026		0.225	0.300	0.300	0.300
238	82.21.040(1)	Successive uses of hazardous substance	Hazardous Substance Tax	Exemption	Tax base	1989			262.699	303.921	347.353	381.575
239	82.21.040(2)	Domestic uses of hazardous substance	Hazardous Substance Tax	Exemption	Individuals	1989			0.542	0.531	0.520	0.510
240	82.21.040(3)	Minimal amount of hazardous substance	Hazardous Substance Tax	Exemption	Business	1989			0.012	0.012	0.012	0.012

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241	82.21.040(4)	Alumina and natural gas	Hazardous Substance Tax	Exemption	Tax base	1989			13.004	13.004	13.004	13.004
242	82.21.040(5)	Constitutional or Federal prohibition on hazardous substance	Hazardous Substance Tax	Exemption	Tax base	1989			0.000	0.000	0.000	0.000
243	82.21.040(6)	Hazardous substance used prior to 3/1/1989	Hazardous Substance Tax	Exemption	Tax base	1989			0.000	0.000	0.000	0.000
244	82.21.050(1)	Fuel exported in fuel tanks	Hazardous Substance Tax	Credit	Tax base	1989			14.263	16.501	18.859	20.717
245	82.21.050(2)	Taxes paid in other states	Hazardous Substance Tax	Credit	Tax base	1989			0.000	0.000	0.000	0.000
246	35.21.755	Public corporations	In-Lieu of Property Tax	Exemption	Government	1974			2.320	2.370	2.430	2.490
247	48.14.020(1)	Title insurance	Insurance Premiums Tax	Exemption	Tax base	1947			6.500	6.700	7.000	7.300
248	48.14.020(4)	Ocean marine insurance	Insurance Premiums Tax	Preferential Rate	Business	1947			2.000	2.000	2.000	2.000
249	48.14.0201(6a)	Medicare receipts	Insurance Premiums Tax	Exemption	Business	1993			78.835	82.666	86.683	90.895
250	48.14.0201(6b)	Washington Basic Health Care receipts	Insurance Premiums Tax	Exemption	Business	1993			1.964	1.964	1.964	1.964
251	48.14.0201(6c)	Dentistry prepayments	Insurance Premiums Tax	Exemption	Business	1993			11.977	11.977	11.977	11.977
252	48.14.021; 48.14.020	Pensions, annuities, profit-sharing plans	Insurance Premiums Tax	Exemption	Tax base	1963			82.800	82.800	82.800	82.800
253	48.14.022	Health insurance by Washington State Pool	Insurance Premiums Tax	Exemption	Business	1987			0.800	0.800	0.800	0.800
254	48.32.145; 48.32A.125	Insurance guarantee association assessments	Insurance Premiums Tax	Credit	Business	1976			0.480	0.480	0.480	0.480
255	48.36A.240	Fraternal benefit societies	Insurance Premiums Tax	Exemption	Nonprofit	1947			4.200	4.300	4.500	4.600
256	82.29A.020(1)	Manufacturing for government	Leasehold Excise Tax	Exclusion	Government	1976			D	D	D	D
257	82.29A.020(1)(b)(i)	Easements for removing products	Leasehold Excise Tax	Exclusion	Other	1976			0.252	0.258	0.264	0.271
258	82.29A.020(1)(b)(ii)	Publicly owned cargo cranes & docl	Leasehold Excise Tax	Exclusion	Other	2012			5.118	5.226	5.357	5.498
259	82.29A.020(2b)	Hanford lease fees	Leasehold Excise Tax	Exclusion	Business	1991			D	D	D	D
260	82.29A.120(1)	Senion and disabled homeowners exemption OR credit for excessive leasehold tax	Leasehold Excise Tax	Credit	Business	1986			I	I	I	I
261	82.29A.120(2)	Product leases credit of 33 percent	Leasehold Excise Tax	Credit	Agriculture	1976			0.309	0.315	0.323	0.332

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
262	82.29A.125	Electric vehicle infrastructure	Leasehold Excise Tax	Exemption	Business	2009	01/01/2020		I	I	I	I
263	82.29A.130(3)	Subsidized housing	Leasehold Excise Tax	Exemption	Government	1976			10.431	10.829	11.242	11.671
264	82.29A.130(5)	Public employee housing	Leasehold Excise Tax	Exemption	Government	1976			0.116	0.118	0.121	0.124
265	82.29A.130(6-7)	Indian trust lands	Leasehold Excise Tax	Exemption	Government	1976			0.846	0.864	0.886	0.909
266	82.29A.130(8-9)	Leases less than $250 per year or 30 days	Leasehold Excise Tax	Exemption	Business	1976			1.365	1.416	1.467	1.521
267	82.29A.130(10)	Homes pending destruction	Leasehold Excise Tax	Exemption	Other	1976			0.048	0.050	0.052	0.054
268	82.29A.130(11)	Public works contracts	Leasehold Excise Tax	Exemption	Government	1976			0.039	0.041	0.042	0.044
269	82.29A.130(12)	Inmate employment programs	Leasehold Excise Tax	Exemption	Government	1992			0.000	0.000	0.000	0.000
270	82.29A.130(13)	Camps for disabled persons	Leasehold Excise Tax	Exemption	Nonprofit	1995			0.243	0.248	0.254	0.261
271	82.29A.130(14)	Professional baseball stadium	Leasehold Excise Tax	Exemption	Business	1995			D	D	D	D
272	82.29A.130(15)	Professional football stadium	Leasehold Excise Tax	Exemption	Business	1997			D	D	D	D
273	82.29A.130(16)	Public facilities districts	Leasehold Excise Tax	Exemption	Business	1999			1.108	1.131	1.160	1.190
274	82.29A.130(17)	Historic property	Leasehold Excise Tax	Exemption	Government	2005			0.023	0.024	0.024	0.024
275	82.29A.130(18)	Clark County amphitheater	Leasehold Excise Tax	Exemption	Business	2005			D	D	D	D
276	82.29A.130(19)	Military housing	Leasehold Excise Tax	Exemption	Other	2008			0.284	0.292	0.301	0.310
277	82.29A.132	2nd Narrows bridge	Leasehold Excise Tax	Exemption	Business	1998			0.000	0.000	0.000	0.000
278	82.29A.134	Regional Transit Authority Sales and Leasebacks	Leasehold Excise Tax	Exemption	Government	2000			0.000	0.000	0.000	0.000
279	82.29A.135	Manufacturing alternative fuels	Leasehold Excise Tax	Exemption	Business	1980			0.000	0.000	0.000	0.000
280	82.29A.136	Residential and recreational developments	Leasehold Excise Tax	Exemption	Tax base	2001			0.140	0.146	0.154	0.163
281	82.29A.137	Super-efficient airplane production facilities	Leasehold Excise Tax	Exemption	Business	2003	07/01/2040		0.000	0.000	0.000	0.000
282	82.29A.138	Amateur radio repeaters	Leasehold Excise Tax	Exemption	Individuals	2007			0.007	0.007	0.008	0.008
283	66.20.010(7)	Sales of liquor to the military	Liquor Taxes	Waiver	Government	1933			0.000	0.000	0.000	0.000
284	66.24.290(3b)	Microbrewers beer tax exemption of 1st 60,000 barrels	Liquor Taxes	Exemption	Business	1993			2.910	3.069	3.138	3.265

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285	82.19.050(1)	Products shipped out of state	Litter Tax	Exemption	Tax base	1992			0.936	0.992	1.043	1.094
286	82.19.050(2)	Agricultural products	Litter Tax	Exemption	Agriculture	1971			1.398	1.398	1.398	1.398
287	82.19.050(3)	Grocery cooperatives	Litter Tax	Exemption	Business	2001			D	D	D	D
288	82.19.050(4)	Food and beverages consumed on-site	Litter Tax	Exemption	Tax base	2003			0.858	0.888	0.919	0.951
289	82.19.050(5)	Caterers	Litter Tax	Exemption	Business	2005			0.003	0.003	0.003	0.004
290	82.23B.030	Secondary transportation	Oil Spill Tax	Exemption	Tax base	1991			0.000	0.000	0.000	0.000
291	82.23B.040	Exported petroleum products	Oil Spill Tax	Credit	Tax base	1991			2.379	2.004	1.817	1.629
292	82.23B.045	Credit for nonfuel uses of crude oil petroleum products	Oil Spill Tax	Credit	Tax base	1991			0.125	0.105	0.096	0.086
293	67.16.105(1)	Nonprofit horse races	Parimutuel Tax	Exemption	Business	1979			0.006	0.006	0.060	0.006
294	67.16.105(2)	Differential parimutuel tax rates	Parimutuel Tax	Preferential Rate	Business	1979			D	D	D	D
295	82.23A.010(1)	Crude oil excluded	Petroleum Products Tax	Exclusion	Tax base	1989	07/01/2020		24.604	0.000	25.861	0.000
296	82.23A.010(1)	Liquefied gasses excluded	Petroleum Products Tax	Exclusion	Business	2004	07/01/2020		0.153	0.000	0.171	0.000
297	82.23A.030(1)	Successive uses of petroleum	Petroleum Products Tax	Exemption	Tax base	1989	07/01/2020		82.796	0.000	72.103	0.000
298	82.23A.030(2)	Domestic uses of petroleum	Petroleum Products Tax	Exemption	Individuals	1989	07/01/2020		0.174	0.000	0.112	0.000
299	82.23A.030(3)	Constitutional or Federal prohibition on petroleum	Petroleum Products Tax	Exemption	Interstate Commerce	1989	07/01/2020		0.000	0.000	0.000	0.000
300	82.23A.030(4)	Petroleum used prior to 7/1/89	Petroleum Products Tax	Exemption	Tax base	1989	07/01/2020		0.000	0.000	0.000	0.000
301	82.23A.030(5)	Fuel used to process petroleum products	Petroleum Products Tax	Exemption	Tax base	1989	07/01/2020		0.839	0.000	0.559	0.000
302	82.23A.030(6)	Exported petroleum products	Petroleum Products Tax	Exemption	Tax base	1989	07/01/2020		4.144	0.000	4.356	0.000
303	82.23A.030(7)	Packaged petroleum products	Petroleum Products Tax	Exemption	Tax base	1989	07/01/2020		0.000	0.000	0.000	0.000
304	82.23A.040(1)	Petroleum exported in fuel tanks	Petroleum Products Tax	Credit	Tax base	1989	07/01/2020		4.584	0.000	4.041	0.000
305	82.23A.040(2)	Taxes paid in other states	Petroleum Products Tax	Credit	Interstate Commerce	1989	07/01/2020		0.000	0.000	0.000	0.000
306	82.48.110	General aviation	Property Tax	Exemption	Other	1949		491,800,000	1.064	1.087	1.115	1.144
307	84	New construction of industrial or manufacturing facilities in targeted urban areas	Property Tax	Exemption	Business	2015		12,340,000	0.000	0.000	0.000	0.000
308	84.14.020	Multi-unit urban housing	Property Tax	Exemption	Business	1995		3,430,000,000	7.423	7.583	7.781	7.984
309	84.26.070	Historic property rehabilitation	Property Tax	Special Valuation or Deferral	Individuals	1985		240,850,000	0.521	0.532	0.546	0.560
310	84.33.040	Timber	Property Tax	Exemption	Tax base	1971		315,200,000	0.645	0.682	0.761	0.784

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
311	84.33.140	Forest land, statutory values	Property Tax	Special Valuation or Deferral	Business	1971		16,100,000,000	34.854	35.603	36.532	37.488
312	84.33.140(13,14)	Compensating tax on removal of forest land	Property Tax	Special Valuation or Deferral	Other	1971		8,580,000,000	0.227	0.243	0.262	0.277
313	84.33.210(1)	Forest land special assessments	Property Tax	Exemption	Other	1992		N/A	0.000	0.000	0.000	0.000
314	84.34.020(2)	Qualifying land used for growing plants in containers	Property Tax	Special Valuation or Deferral	Agriculture	1973		0	0.000	0.000	0.000	0.000
315	84.34.060	Open space land, current use	Property Tax	Special Valuation or Deferral	Other	1970		1,760,000,000	3.801	3.883	3.984	4.088
316	84.34.065	Farm lands, current use	Property Tax	Special Valuation or Deferral	Agriculture	1973		10,410,000,000	22.527	23.010	23.611	24.228
317	84.34.108(6)	Additional tax, interest, and penalty on removal of classified land, current use	Property Tax	Special Valuation or Deferral	Other	1973		29,960,000	0.491	0.524	0.566	0.599
318	84.36.010(1)	Cities and towns	Property Tax	Exemption	Government	1889		69,170,000,000	149.609	152.821	156.810	160.912
319	84.36.010(1)	County government	Property Tax	Exemption	Government	1889		70,350,000,000	152.170	155.436	159.494	163.667
320	84.36.010(1)	Federal government	Property Tax	Exemption	Government	1854		38,810,000,000	88.998	90.908	93.281	95.722
321	84.36.010(1)	Fire districts	Property Tax	Exemption	Government	1933		1,410,000,000	2.300	2.350	2.411	2.474
322	84.36.010(1)	Foreign consulates	Property Tax	Exemption	Government	1967		7,680,000	0.017	0.017	0.017	0.018
323	84.36.010(1)	Port districts	Property Tax	Exemption	Government	1911		9,670,000,000	20.919	21.368	21.925	22.499
324	84.36.010(1)	Public colleges & universities	Property Tax	Exemption	Government	1889		17,310,000,000	37.438	38.242	39.240	40.267
325	84.36.010(1)	Public K-12 schools	Property Tax	Exemption	Government	1889		55,260,000,000	119.517	122.083	125.270	128.547
326	84.36.010(1)	Public utility districts	Property Tax	Exemption	Government	1931		29,780,000,000	64.411	65.794	67.511	69.277
327	84.36.010(1)	State government	Property Tax	Exemption	Government	1889		39,230,000,000	84.841	86.662	88.924	91.251
328	84.36.010(1)	Tribal property - Essential government services	Property Tax	Exemption	Government	2004		198,960,000	0.430	0.440	0.451	0.463
329	84.36.010(1)	Community centers, nonprofits	Property Tax	Exemption	Nonprofit	2010		39,750,000,000	0.086	0.088	0.090	0.092
330	84.36.010(1)	2nd Narrows bridge	Property Tax	Exemption	Business	1998		0	0.000	0.000	0.000	0.000
331	84.36.010(1); 84.36.040(2)	Hospital districts	Property Tax	Exemption	Government	1945		1,740,000,000	3.761	3.842	3.942	4.046
332	84.36.010(2)	Tribal property – Economic development	Property Tax	Exemption	Government	2014		108,450,000	0.235	0.240	0.246	0.252
333	84.36.015	Parcels valued at < $500	Property Tax	Exemption	Other	1997		37,880,000	0.079	0.075	0.074	0.075
334	84.36.020	Cemeteries	Property Tax	Exemption	Other	1854		551,100,000	1.105	1.129	1.159	1.189
335	84.36.020	Nonprofit churches, parsonages, and convents	Property Tax	Exemption	Nonprofit	1854		10,410,000,000	15.465	15.797	16.209	16.633
336	84.36.030(1)(a,c)	Nonsectarian organizations	Property Tax	Exemption	Nonprofit	1915		2,300,000,000	4.976	5.083	5.216	5.352
337	84.36.030(1)(b)	Nonprofit merchandise sales	Property Tax	Exemption	Nonprofit	1983		54,100,000	0.117	0.120	0.123	0.126
338	84.36.030(2)	Nonprofit church camps	Property Tax	Exemption	Nonprofit	1971		126,000,000	0.565	0.577	0.592	0.607

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339	84.36.030(3)	Nonprofit youth organizations	Property Tax	Exemption	Nonprofit	1933		230,000,000	0.497	0.508	0.521	0.535
340	84.36.030(4)	Veterans organizations	Property Tax	Exemption	Other	1929		71,600,000	0.155	0.158	0.162	0.167
341	84.36.030(5)	Federal instrumentalities furnishing aid and relief	Property Tax	Exemption	Nonprofit	1945		D	D	D	D	D
342	84.36.030(6)	Student loan organizations	Property Tax	Exemption	Nonprofit	1987		0	0.000	0.000	0.000	0.000
343	84.36.031(2)	Nonprofit Youth Character Building Leases	Property Tax	Exemption	Nonprofit	2012		1,800,000	0.004	0.004	0.004	0.004
344	84.36.032	Church administrative offices	Property Tax	Exemption	Nonprofit	1975		101,400,000	0.219	0.224	0.230	0.236
345	84.36.035	Nonprofit blood and tissue banks	Property Tax	Exemption	Nonprofit	1971		113,400,000	0.245	0.251	0.257	0.264
346	84.36.037	Nonprofit public assembly halls and meeting places	Property Tax	Exemption	Nonprofit	1981		106,200,000	0.230	0.235	0.241	0.247
347	84.36.040(1a)	Nonprofit day care centers	Property Tax	Exemption	Nonprofit	1973		185,000,000	0.400	0.409	0.419	0.430
348	84.36.040(1b)	Nonprofit libraries	Property Tax	Exemption	Nonprofit	1854		4,500,000	0.010	0.010	0.010	0.011
349	84.36.040(1c)	Nonprofit orphanages	Property Tax	Exemption	Nonprofit	1891		0	0.000	0.000	0.000	0.000
350	84.36.040(1d)	Nonprofit nursing homes	Property Tax	Exemption	Nonprofit	1891		541,900,000	1.172	1.197	1.228	1.261
351	84.36.040(1e)	Nonprofit hospitals	Property Tax	Exemption	Nonprofit	1886		7,290,000,000	15.759	16.097	16.517	16.949
352	84.36.040(1f)	Nonprofit outpatient dialysis facilities	Property Tax	Exemption	Nonprofit	1987		398,500,000	0.862	0.880	0.903	0.927
353	84.36.041	Nonprofit homes for the aging	Property Tax	Exemption	Nonprofit	1989		2,070,000,000	4.476	4.572	4.691	4.814
354	84.36.042	Nonprofit developmentally disabled housing	Property Tax	Exemption	Nonprofit	1998		59,000,000	0.128	0.130	0.134	0.137
355	84.36.043	Nonprofit homeless shelters	Property Tax	Exemption	Nonprofit	1983		243,600,000	0.527	0.538	0.552	0.567
356	84.36.045	Nonprofit medical research facilities	Property Tax	Exemption	Nonprofit	1975		1,000,000,000	2.178	2.224	2.282	2.342
357	84.36.046	Nonprofit cancer treatment clinics	Property Tax	Exemption	Nonprofit	1997		107,200,000	0.232	0.237	0.243	0.249
358	84.36.047	Nonprofit radio and TV broadcast facilities	Property Tax	Exemption	Nonprofit	1977		0	0.000	0.000	0.000	0.000
359	84.36.050(1)	Nonprofit private colleges	Property Tax	Exemption	Nonprofit	1925		2,100,000,000	4.538	4.635	4.756	4.881
360	84.36.050(1)	Nonprofit private K-12 schools	Property Tax	Exemption	Nonprofit	1925		1,500,000	3.251	3.321	3.408	3.497
361	84.36.050(2)	Nonprofit educational foundations	Property Tax	Exemption	Nonprofit	2001		223,900,000	0.484	0.495	0.508	0.521
362	84.36.060(1a)	Nonprofit art collections & museums	Property Tax	Exemption	Nonprofit	1915		576,100,000	1.246	1.273	1.306	1.340
363	84.36.060(1b)	Nonprofit performing arts	Property Tax	Exemption	Nonprofit	1981		262,100,000	0.567	0.579	0.594	0.610
364	84.36.060(1c)	Fire companies	Property Tax	Exemption	Other	1890		190,000	0.000	0.000	0.000	0.000
365	84.36.060(1d)	Humane societies	Property Tax	Exemption	Other	1915		24,400,000	0.053	0.054	0.055	0.057
366	84.36.070	Intangibles	Property Tax	Exemption	Other	1931		1,907,530,000,000	4,139.614	4,141.420	4,106.726	4,111.182
367	84.36.079	Ships under construction	Property Tax	Exemption	Business	1959		0	0.000	0.000	0.000	0.000
368	84.36.080(1)	Commercial vessels	Property Tax	Exemption	Business	1931		438,710,000	0.949	0.969	0.995	1.021
369	84.36.080(2)	Historic vessels	Property Tax	Exemption	Individuals	1986		13,200,000	0.028	0.027	0.026	0.025
370	84.36.090	Other ships and vessels	Property Tax	Exemption	Individuals	1931		2,580,000,000	5.443	5.188	4.928	4.775
371	84.36.105	Cargo containers	Property Tax	Exemption	Business	1975		184,270,000	0.391	0.375	0.356	0.345
372	84.36.110(1)	Household goods	Property Tax	Exemption	Individuals	1871		41,790,000,000	88.880	85.430	81.420	79.150

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373	84.36.110(2)	$15,000 of nonresidential personal property	Property Tax	Exemption	Individuals	1890		62,420,000	0.446	0.435	0.422	0.417
374	84.36.130	Airports owned by cities in other states	Property Tax	Exemption	Government	1941		0	0.000	0.000	0.000	0.000
375	84.36.133	Commuter Air Carriers Paying Excise Tax	Property Tax	Exemption	Business	2013		7,250,000	0.016	0.016	0.016	0.017
376	84.36.135	Housing Finance Commission	Property Tax	Exemption	Government	1983		150,000	0.000	0.000	0.000	0.000
377	84.36.210	Public right-of-way easements	Property Tax	Exemption	Government	1947		I	I	I	I	I
378	84.36.230	Interstate bridges	Property Tax	Exemption	Government	1949		937,300,000	2.027	2.071	2.125	2.180
379	84.36.240	Soil & water conservation districts	Property Tax	Exemption	Government	1963		2,760,000	0.006	0.006	0.005	0.005
380	84.36.250	Nonprofit water cooperatives	Property Tax	Exemption	Nonprofit	1965		76,500,000	0.165	0.169	0.173	0.178
381	84.36.255	Habitat and water quality improvements	Property Tax	Exemption	Other	1997		1,630,000	0.004	0.004	0.004	0.004
382	84.36.260	Nonprofit conservation and open space lands	Property Tax	Exemption	Nonprofit	1967		146,100,000	0.316	0.323	0.331	0.340
383	84.36.300	Goods in transit	Property Tax	Exemption	Business	1961		0	0.000	0.000	0.000	0.000
384	84.36.350	Nonprofit sheltered workshops	Property Tax	Exemption	Nonprofit	1970		161,600,000	0.349	0.357	0.366	0.376
385	84.36.381	Senior and disabled homeowners exemption	Property Tax	Exemption	Individuals	1967		14,890,000,000	24.358	26.471	27.249	28.957
386	84.36.400	Home improvements	Property Tax	Exemption	Individuals	1972		88,750,000	0.192	0.196	0.201	0.206
387	84.36.451	Public property leaseholds	Property Tax	Exemption	Tax base	1976		4,400,000,000	(17.795)	(18.168)	(18.612)	(19.102)
388	84.36.470	Agricultural products	Property Tax	Exemption	Agriculture	1984		10,560,000,000	22.911	22.888	22.685	22.934
389	84.36.477	Business inventories	Property Tax	Exemption	Business	1974		48,500,000,000	102.002	98.964	98.112	99.065
390	84.36.480	Nonprofit fair associations	Property Tax	Exemption	Nonprofit	1975		20,900,000	0.045	0.046	0.047	0.049
391	84.36.487	Air pollution control facilities	Property Tax	Exemption	Business	1997		88,500,000	0.214	0.189	0.194	0.199
392	84.36.500	Conservation futures on agricultural land	Property Tax	Exemption	Nonprofit	1984		0	0.000	0.000	0.000	0.000
393	84.36.510	Mobile homes in dealer's inventory	Property Tax	Exemption	Business	1985		13,500,000	0.027	0.024	0.020	0.018
394	84.36.550	Nonprofit fund-raising	Property Tax	Exemption	Nonprofit	1993		16,700,000	0.036	0.037	0.038	0.039
395	84.36.560	Nonprofit low-income rental housing	Property Tax	Exemption	Nonprofit	1999		2,280,000,000	4.927	5.033	5.164	5.299
396	84.36.570	Nonprofit demonstration farms	Property Tax	Exemption	Nonprofit	1999		1,200,000	0.002	0.003	0.003	0.003
397	84.36.575	Emergency medical aircraft	Property Tax	Exemption	Nonprofit	2010	01/01/2020	0	0.000	0.000	0.000	0.000
398	84.36.590	Vitrification equipment	Property Tax	Exemption	Business	2000		0	0.000	0.000	0.000	0.000
399	84.36.595	Motor vehicles, trailers, and campers	Property Tax	Exemption	Tax base	2000		42,280,000,000	91.445	93.408	95.846	98.354
400	84.36.600	Custom computer software	Property Tax	Exemption	Business	1991		1,100,000,000	2.375	2.426	2.489	2.554
401	84.36.605	Regional Transit Authority Sales and Leasebacks	Property Tax	Exemption	Government	2000		0	0.000	0.000	0.000	0.000
402	84.36.630	Farm machinery (state levy)	Property Tax	Exemption	Agriculture	2001		1,020,000,000	2.202	2.249	2.308	2.368

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403	84.36.635	Biodiesel and alcohol fuel production facilities	Property Tax	Exemption	Business	2003	12/31/2015	10,000,000	0.021	0.017	0.011	0.008
404	84.36.640	Wood biomass fuel production facilities	Property Tax	Exemption	Business	2003	12/31/2015	0	0.000	0.000	0.000	0.000
405	84.36.645	Semiconductor Materials Manufacturing After $1 Billion Investment - Machinery and Equipment	Property Tax	Exemption	Business	2003		0	0.000	0.000	0.000	0.000
406	84.36.650	Nonprofit fund-raising to support artists	Property Tax	Exemption	Nonprofit	2003		0	0.000	0.000	0.000	0.000
407	84.36.655	Aircraft facilities, port property	Property Tax	Exemption	Business	2003	07/01/2040	0	0.000	0.000	0.000	0.000
408	84.36.660	Sprinkler systems in nightclubs	Property Tax	Exemption	Business	2005	12/31/2009	110,000	0.000	0.000	0.000	0.000
409	84.36.665	Military housing	Property Tax	Exemption	Other	2008		166,680,000	0.354	0.342	0.331	0.328
410	84.37.030	Low-income homeowners tax deferral	Property Tax	Special Valuation or Deferral	Individuals	2007		N/A	0.033	0.034	0.034	0.035
411	84.38.030	Senior and disabled homeowners tax deferral	Property Tax	Special Valuation or Deferral	Individuals	1975		N/A	0.074	0.094	0.099	0.105
412	84.39.010	Veteran widows and widowers	Property Tax	Exemption	Individuals	2005		N/A	0.003	0.003	0.003	0.003
413	84.40.030(3)	Growing crops	Property Tax	Exemption	Agriculture	1890		82,200,000	0.178	0.182	0.186	0.191
414	84.40.037	Prewritten computer software	Property Tax	Exemption	Business	1991		990,300,000	2.142	2.188	2.245	2.304
415	84.40.130(3)	Personal Property Tax Penalty Waiv	Property Tax	Waiver	Other	2012		N/A	0.000	0.000	0.000	0.000
416	84.40.220	Nursery stock	Property Tax	Exemption	Agriculture	1971		120,850,000	0.256	0.248	0.240	0.238
417	84.56.025	Delinquency penalty and interest waivers	Property Tax	Waiver	Individuals	1984		N/A	0.000	0.000	0.000	0.000
418	84.56.335	Mobile Homes Possessed by Landlords	Property Tax	Exemption	Other	2013		135,000	0.001	0.001	0.001	0.001
419	84.70.010	Destroyed property	Property Tax	Special Valuation or Deferral	Other	1974		11,380,000	0.025	0.025	0.026	0.026
420	35.58.560	METRO transit expenditures	Public Utility Tax	Credit	Government	1967			0.127	0.127	0.127	0.127
421	82.16	Alternative fuel commercial vehicle tax credit	Public Utility Tax	Credit	Business	2015			2.500	6.000	6.000	6.000
422	82.16	Businesses that hire veterans	Public Utility Tax	Credit	Business	2015	06/30/2023		0.000	0.050	0.050	0.050
423	82.16.020	Log transportation businesses	Public Utility Tax	Preferential Rate	Business	2015			0.800	1.000	1.000	1.100
424	82.16.020(1d)	Urban transportation	Public Utility Tax	Preferential Rate	Business	1935			7.947	8.186	8.431	8.684

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425	82.16.020(1e)	Vessels under 65 feet in length	Public Utility Tax	Preferential Rate	Business	1935			0.019	0.020	0.020	0.021
426	82.16.040	Minimum income threshold - $2,000 per month	Public Utility Tax	Exemption	Business	1935			1.691	1.776	1.864	1.958
427	82.16.0421	Electricity sold to electrolyte processors	Public Utility Tax	Exemption	Business	2004	06/30/2019		D	D	D	D
428	82.16.045; 82.34.060(2)	Pollution control facilities	Public Utility Tax	Exemption	Business	1967			0.000	0.000	0.000	0.000
429	82.16.046	2nd Narrows bridge	Public Utility Tax	Exemption	Tax base	1998			0.000	0.000	0.000	0.000
430	82.16.047	Ride-sharing and special needs transportation	Public Utility Tax	Exemption	Other	1979			0.373	0.369	0.365	0.360
431	82.16.0491	Rural electric utility contributions	Public Utility Tax	Credit	Business	1999	06/30/2011		0.000	0.000	0.000	0.000
432	82.16.0495	Electricity sold to direct service industry (DSI)	Public Utility Tax	Credit	Business	2001			0.000	0.000	0.000	0.000
433	82.16.0497	Billing discounts provided to low-income households - credit	Public Utility Tax	Credit	Business	2001			2.500	2.500	2.500	2.500
434	82.16.0498	Aluminum smelter purchases of power	Public Utility Tax	Credit	Business	2004			D	D	D	D
435	82.16.050(1)	Municipal utilities receipts from taxes	Public Utility Tax	Deduction	Tax base	1935			0.647	0.647	0.647	0.647
436	82.16.050(10)	Farm products shipped to ports	Public Utility Tax	Deduction	Agriculture	2007			1.216	1.246	1.278	1.390
437	82.16.050(11)	Electric power exported or resold	Public Utility Tax	Deduction	Tax base	1989			14.406	14.406	14.406	14.406
438	82.16.050(12)	Nonprofit water associations	Public Utility Tax	Deduction	Nonprofit	1977			0.400	0.400	0.400	0.400
439	82.16.050(13)	Sewerage processing and disposal	Public Utility Tax	Deduction	Tax base	1987			8.815	9.167	9.534	9.915
440	82.16.050(14)	Transit improvements for low-income and elderly	Public Utility Tax	Deduction	Government	2006			0.300	0.300	0.300	0.300
441	82.16.050(2)	Sales for resale	Public Utility Tax	Deduction	Tax base	1935			2.500	2.500	2.500	2.500
442	82.16.050(3)	Joint utility services	Public Utility Tax	Deduction	Tax base	1935			14.234	14.803	15.395	16.011
443	82.16.050(4)	Cash discounts	Public Utility Tax	Deduction	Tax base	1935			0.760	0.798	0.838	0.880
444	82.16.050(5)	Bad debts	Public Utility Tax	Deduction	Business	1935			2.184	2.250	2.317	2.387
445	82.16.050(6)	Constitutional exemptions	Public Utility Tax	Deduction	Interstate Commerce	1935			35.668	36.312	37.206	37.970
446	82.16.050(6)	Interstate transportation - in-state portion	Public Utility Tax	Deduction	Interstate Commerce	1935			28.740	29.415	29.996	30.611

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447	82.16.050(7)	Irrigation water	Public Utility Tax	Deduction	Agriculture	1935			1.390	1.432	1.475	1.519
448	82.16.050(8)	Interstate transportation - through freight	Public Utility Tax	Deduction	Interstate Commerce	1937			0.000	0.000	0.000	0.000
449	82.16.050(9)	Interstate transportation - shipments to ports	Public Utility Tax	Deduction	Agriculture	1937			0.000	0.000	0.000	0.000
450	82.16.053	Electric power sold in rural areas	Public Utility Tax	Deduction	Business	1994			2.616	2.616	2.616	2.616
451	82.16.055	Cogeneration facilities and renewable resources	Public Utility Tax	Deduction	Business	1980			D	D	D	D
452	82.16.130	Renewable energy system cost recovery	Public Utility Tax	Credit	Business	2005	06/30/2021		9.626	13.663	23.338	28.650
453	82.16.300	Hauling farm products for relatives	Public Utility Tax	Exemption	Agriculture	2007	12/31/2020		I	I	I	I
454	82.16.305	Joint municipal utility authority	Public Utility Tax	Exemption	Government	2011			D	D	D	D
455	82.32.045(4)	Minimum to file PUT return	Public Utility Tax	Exemption	Business	1996			0.000	0.000	0.000	0.000
456	82.70.020	Commute trip reduction credit	Public Utility Tax	Credit	Other	2003	06/30/2024		0.093	0.093	0.093	0.093
457	82.73.030	Commercial area revitalization contributions	Public Utility Tax	Credit	Other	2005			0.000	0.000	0.000	0.000
458	82.45.010(3a)	Gift, devise, or inheritance	Real Estate Excise Tax	Exemption	Other	1951			68.135	72.149	74.871	77.700
459	82.45.010(3b)	Death deeds	Real Estate Excise Tax	Exemption	Other	2014			0.111	0.118	0.122	0.127
460	82.45.010(3c)	Certain leasehold interests	Real Estate Excise Tax	Exemption	Other	1951			1.656	1.754	1.820	1.889
461	82.45.010(3d)	Forfeiture of interest in sale of real property	Real Estate Excise Tax	Exemption	Other	1955			0.332	0.352	0.365	0.379
462	82.45.010(3e)	Partition by tenants in common	Real Estate Excise Tax	Exemption	Other	1955			2.167	2.295	2.381	2.471
463	82.45.010(3f)	Assignment of property through divorce, property settlement	Real Estate Excise Tax	Exemption	Other	1955			73.170	77.481	80.404	83.443
464	82.45.010(3g)	Assignment/transfer of vendor's interest in contract	Real Estate Excise Tax	Exemption	Other	1951			0.502	0.531	0.552	0.572
465	82.45.010(3h)	Condemnation proceedings	Real Estate Excise Tax	Exemption	Other	1951			10.354	10.964	11.378	11.808
466	82.45.010(3i)	Transfer of interest to secure debt	Real Estate Excise Tax	Exemption	Other	1951			0.285	0.302	0.314	0.325
467	82.45.010(3j)	Foreclosure; deeds in lieu of foreclosure	Real Estate Excise Tax	Exemption	Other	1953			52.135	55.207	57.290	59.455
468	82.45.010(3k)	Mortgage insurers	Real Estate Excise Tax	Exemption	Other	1953			4.652	4.926	5.112	5.305

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469	82.45.010(3l)	Transfer where REET already paid or lease/contract began prior to 1951	Real Estate Excise Tax	Exemption	Other	1951			0.007	0.007	0.008	0.008
470	82.45.010(3m)	Grave or cemetery lot sale	Real Estate Excise Tax	Exemption	Other	1951			0.113	0.118	0.123	0.128
471	82.45.010(3n)	Governmental transfers	Real Estate Excise Tax	Exemption	Other	1951			38.382	40.644	42.177	43.771
472	82.45.010(3o)	Sales to regional transit authorities	Real Estate Excise Tax	Exemption	Other	2000			0.000	0.000	0.000	0.000
473	82.45.010(3p)	No change in beneficial owner	Real Estate Excise Tax	Exemption	Other	1993			116.774	123.653	128.319	133.168
474	82.45.010(3q)	IRS transfers	Real Estate Excise Tax	Exemption	Other	1993			16.053	16.998	17.640	18.306
475	82.45.010(3r)	Manufactured home communities	Real Estate Excise Tax	Exemption	Other	2008			D	D	D	D
476	82.45.030(3)	Exclusion, liens/relocation asst.	Real Estate Excise Tax	Exclusion	Tax base	1951			0.000	0.000	0.000	0.000
477	82.45.190	2nd Narrows bridge	Real Estate Excise Tax	Exemption	Tax base	1998			0.000	0.000	0.000	0.000
478	82.45.195	Standing timber	Real Estate Excise Tax	Exemption	Business	2007			0.256	0.280	0.291	0.300
479	36.100.090	Baseball stadium deferral	Retail Sales & Use Tax	Deferral	Business	1995			0.000	0.000	0.000	0.000
480	36.102.070	Football stadium deferral	Retail Sales & Use Tax	Deferral	Business	1997			D	D	0.000	0.000
481	47.01.412	Highway 520 bridge replacement	Retail Sales & Use Tax	Deferral	Business	2008			D	0.000	0.000	0.000
482	47.46.060	2nd Narrows bridge	Retail Sales & Use Tax	Deferral	Business	1998			0.000	0.000	0.000	0.000
483	82.04.050	Personal and professional services	Retail Sales & Use Tax	Exclusion	Other	1935			2,203.685	2,323.874	2,437.509	2,542.739
484	82.04.050(10)	Labor and services used to construct and repair public roads	Retail Sales & Use Tax	Exclusion	Government	1943			124.035	126.144	127.531	128.297
485	82.04.050(11)	Feed and seed	Retail Sales & Use Tax	Exclusion	Agriculture	1935			100.480	103.500	106.599	109.797
486	82.04.050(11)	Fertilizer and chemical sprays	Retail Sales & Use Tax	Exclusion	Agriculture	1943			80.371	84.390	88.610	93.040
487	82.04.050(11)	Pollination agents	Retail Sales & Use Tax	Exclusion	Agriculture	1993			0.018	0.018	0.018	0.018
488	82.04.050(12)	Labor and services used to construct and repair federal government structures	Retail Sales & Use Tax	Exclusion	Government	1975			79.701	79.701	79.701	79.701
489	82.04.050(13)	RTA maintenance service agreements	Retail Sales & Use Tax	Exclusion	Government	2005			0.666	0.680	0.694	0.709

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490	82.04.050(1a)(iv); 82.04.190(1d)	Ferrosilicon	Retail Sales & Use Tax	Exclusion	Business	1986			0.000	0.000	0.000	0.000
491	82.04.050(1a)(v)	Competitive telephone service	Retail Sales & Use Tax	Exclusion	Business	1981			23.878	24.355	24.842	25.339
492	82.04.050(1a)(vi)	Extended warranties	Retail Sales & Use Tax	Exclusion	Business	2005			79.211	83.667	87.839	91.648
493	82.04.050(2a)	Laundry services for nonprofit health care facilities	Retail Sales & Use Tax	Exclusion	Nonprofit	1973			1.734	1.734	1.734	1.734
494	82.04.050(2a)	Self-service laundry facilities	Retail Sales & Use Tax	Exclusion	Individuals	1998			1.497	1.566	1.637	1.712
495	82.04.050(2d)	Janitorial services	Retail Sales & Use Tax	Exclusion	Other	1935			22.887	21.625	22.735	23.716
496	82.04.050(3e)	Tree trimming under power lines	Retail Sales & Use Tax	Exclusion	Tax base	1995			4.574	4.710	4.853	4.998
497	82.04.050(3e)	Horticultural services for farmers	Retail Sales & Use Tax	Exclusion	Agriculture	1993			8.303	8.303	8.303	8.303
498	82.04.050(6)	Custom computer software	Retail Sales & Use Tax	Exclusion	Other	1998			43.177	48.971	54.111	56.432
499	82.04.062	Precious metals and bullion	Retail Sales & Use Tax	Exclusion	Business	1985			9.311	9.821	10.307	10.752
500	82.04.213; 82.04.050(11b)	Christmas tree production	Retail Sales & Use Tax	Exclusion	Agriculture	1987			0.748	0.748	0.748	0.748
501	82.08	Invest in Washington pilot program	Retail Sales & Use Tax	Deferral	Business	2015			0.000	0.000	0.000	0.000
502	82.08; 82.12	Medical marijuana sold to qualifying patients or designated providers who have recognition cards	Retail Sales & Use Tax	Exemption	Business	2015			0.000	26.578	30.550	30.550
503	82.08; 82.12	Low THC products sold to qualifying patients or designated providers who have recognition cards	Retail Sales & Use Tax	Exemption	Business	2015			0.000	1.329	1.527	1.527
504	82.08; 82.12	All marijuana types with low THC-high CBD ratio	Retail Sales & Use Tax	Exemption	Business	2015			I	I	I	I
505	82.08; 82.12	Topical low THC products sold or provided for use by health care professionals	Retail Sales & Use Tax	Exemption	Business	2015			0.000	0.001	0.002	0.002
506	82.08; 82.12	Marijuana and low THC products produced and used by cooperative members	Retail Sales & Use Tax	Exemption	Business	2015			0.000	I	I	I
507	82.08; 82.12	Nonmonetary resources and labor contributed by an individual member of a medical marijuana cooperative	Retail Sales & Use Tax	Exemption	Business	2015			0.000	I	I	I

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508	82.08; 82.12	Marijuana, tribal contracts	Retail Sales & Use Tax	Exemption	Government	2015			D	D	D	D
509	82.08; 82.12	Medical marijuana sold by collective gardens through June 30, 2016	Retail Sales & Use Tax	Exemption	Business	2015	06/30/2016		5.507	0.000	0.000	0.000
510	82.08.010(1)	Trade-ins	Retail Sales & Use Tax	Exclusion	Individuals	1984			159.592	161.187	162.799	164.427
511	82.08.010(1,b)	Cash discounts	Retail Sales & Use Tax	Exclusion	Tax base	1935			24.496	25.858	27.141	28.312
512	82.08.0203	Trail grooming services	Retail Sales & Use Tax	Exemption	Other	2008			0.093	0.096	0.100	0.103
513	82.08.0204; 82.12.0204	Honey bees	Retail Sales & Use Tax	Exemption	Agriculture	2008	07/01/2017		0.004	0.004	0.004	0.004
514	82.08.0205; 82.12.0205	Waste vegetable oil used in production of biodiesel	Retail Sales & Use Tax	Exemption	Other	2008			0.435	0.435	0.435	0.435
515	82.08.0206	Working families tax remittance	Retail Sales & Use Tax	Exemption	Individuals	2008			0.000	0.000	0.000	0.000
516	82.08.0208; 82.12.0208	Digital codes	Retail Sales & Use Tax	Exemption	Business	2009			0.200	0.200	0.200	0.200
517	82.08.02081; 82.12.02081	Audio or video programming by broadcasters	Retail Sales & Use Tax	Exemption	Business	2009			1.812	1.915	2.013	2.118
518	82.08.02082; 82.12.02082	Digital goods or automated services for the public	Retail Sales & Use Tax	Exemption	Business	2009			1.177	1.277	1.386	1.504
519	82.08.02087; 82.12.02087	Digital goods and services for business purposes	Retail Sales & Use Tax	Exemption	Business	2009			16.230	17.974	19.862	21.897
520	82.08.02088; 82.12.02088	Digital goods and services for multiple points of use	Retail Sales & Use Tax	Exemption	Business	2009			0.200	0.200	0.200	0.200
521	82.08.0251	Casual sales	Retail Sales & Use Tax	Exemption	Individuals	1935			7.648	7.975	8.317	8.675
522	82.08.0252	Sales subject to public utility tax	Retail Sales & Use Tax	Exemption	Tax base	1935			612.736	636.389	666.287	694.972
523	82.08.02525; 82.12.02525	Public records copies	Retail Sales & Use Tax	Exemption	Individuals	1996			0.096	0.098	0.100	0.102
524	82.08.0253; 82.12.0345	Newspapers	Retail Sales & Use Tax	Exemption	Individuals	1935			15.579	15.579	15.579	15.579
525	82.08.02535	Fund-raising sales of magazines	Retail Sales & Use Tax	Exemption	Nonprofit	1995			0.500	0.560	0.570	0.590
526	82.08.02537; 82.12.0347	Academic transcripts	Retail Sales & Use Tax	Exemption	Individuals	1996			0.138	0.138	0.138	0.139
527	82.08.0254; 82.12.0255	Constitutionally exempt sales	Retail Sales & Use Tax	Exemption	Interstate Commerce	1935			240.992	254.389	267.007	278.530
528	82.08.0255(1a,c); 82.12.0256(2a,c)	Fuel for urban transit or passenger-only ferries	Retail Sales & Use Tax	Exemption	Government	1980			3.501	3.776	3.906	4.006
529	82.08.0255(1b); 82.12.0256(2b)	Fuel for transporting persons with special needs	Retail Sales & Use Tax	Exemption	Other	1983			0.115	0.124	0.129	0.132

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530	82.08.0255(1d,e); 82.12.0256(2e,f)	Fuel for state or county ferries	Retail Sales & Use Tax	Exemption	Government	2011			2.222	2.397	2.479	2.543
531	82.08.0255(1f); 82.12.0256(2d)	Special fuel used on public highways	Retail Sales & Use Tax	Exemption	Individuals	1935			455.291	491.392	508.275	521.376
532	82.08.0255(2); 82.12.0256(1)	Special fuel purchased in WA but used outside of state	Retail Sales & Use Tax	Exemption	Interstate Commerce	1983			C	C	C	C
533	82.08.0256; 82.12.0257	Public utility operating property	Retail Sales & Use Tax	Exemption	Government	1935			I	I	I	I
534	82.08.02565; 82.12.02565	Manufacturing and R&D machinery and equipment	Retail Sales & Use Tax	Exemption	Business	1995			296.535	308.003	319.290	330.456
535	82.08.025651; 82.12.025651	Public research institutions machinery and equipment	Retail Sales & Use Tax	Exemption	Government	2011			5.150	5.425	5.683	5.962
536	82.08.02566; 82.12.02566	Aircraft part prototypes	Retail Sales & Use Tax	Exemption	Business	1996			0.000	0.000	0.000	0.000
537	82.08.02568; 82.12.02568	Aluminum production anodes and cathodes	Retail Sales & Use Tax	Exemption	Business	1996			D	D	D	D
538	82.08.02569; 82.12.02569	Gravitational wave observatory	Retail Sales & Use Tax	Exemption	Government	1996			0.000	0.000	0.000	0.000
539	82.08.0257; 82.12.0258	Farm auction sales	Retail Sales & Use Tax	Exemption	Agriculture	1943			3.011	3.101	3.194	3.290
540	82.08.02573	Nonprofit organization fund-raising	Retail Sales & Use Tax	Exemption	Nonprofit	1998			11.958	12.317	12.686	13.067
541	82.08.0258; 82.12.0259	Federal instrumentalities furnishing aid and relief	Retail Sales & Use Tax	Exemption	Nonprofit	1945			D	D	D	D
542	82.08.0259; 82.12.0261	Breeding livestock, cattle, and milk cows	Retail Sales & Use Tax	Exemption	Agriculture	1945			9.500	9.690	9.880	10.080
543	82.08.026; 82.12.023 & 82.14.030(1)	Natural and manufactured gas	Retail Sales & Use Tax	Exemption	Tax base	1989			19.540	20.092	20.696	21.361
544	82.08.0261	Items used in interstate commerce	Retail Sales & Use Tax	Exemption	Interstate Commerce	1949			170.127	179.420	187.189	193.658
545	82.08.0262; 82.12.0254	Interstate transportation equipment	Retail Sales & Use Tax	Exemption	Interstate Commerce	1949			46.256	48.126	50.073	52.098
546	82.08.0263	Interstate commerce vehicles	Retail Sales & Use Tax	Exemption	Interstate Commerce	1949			9.590	10.346	10.701	10.977
547	82.08.0264	Vehicles sold to nonresidents	Retail Sales & Use Tax	Exemption	Individuals	1949			47.284	49.252	50.792	51.468
548	82.08.0265	Items repaired for nonresidents	Retail Sales & Use Tax	Exemption	Individuals	1959			2.186	2.306	2.419	2.522
549	82.08.0266; 82.08.2665	Boats sold to nonresidents	Retail Sales & Use Tax	Exemption	Individuals	1959			3.835	4.074	4.343	4.553
550	82.08.0267; 82.12.0262	Poultry used in production	Retail Sales & Use Tax	Exemption	Agriculture	1961			0.176	0.179	0.182	0.186
551	82.08.0268	Farm equipment sold to nonresidents	Retail Sales & Use Tax	Exemption	Agriculture	1961			7.042	7.394	7.764	8.155

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Appendix B - Detailed List

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
552	82.08.0269	Purchases by residents of Alaska & Hawaii	Retail Sales & Use Tax	Exemption	Individuals	1961			M	M	M	M
553	82.08.0271; 82.12.930	Watershed and flood protection	Retail Sales & Use Tax	Exemption	Government	1963			0.000	0.000	0.000	0.000
554	82.08.0272; 82.12.0267	Semen for artificial insemination of livestock	Retail Sales & Use Tax	Exemption	Agriculture	1965			0.258	0.258	0.258	0.258
555	82.08.0273	Sales to nonresidents from no or low sales tax states	Retail Sales & Use Tax	Exemption	Individuals	1965			33.587	35.089	36.488	37.647
556	82.08.0274; 82.12.0268	Form lumber	Retail Sales & Use Tax	Exemption	Business	1965			0.000	0.000	0.000	0.000
557	82.08.02745; 82.12.02685	Farm-worker housing	Retail Sales & Use Tax	Exemption	Agriculture	1996			0.685	0.685	0.685	0.685
558	82.08.0275; 82.12.0269	Sand and gravel for local road construction	Retail Sales & Use Tax	Exemption	Government	1965			1.835	1.897	1.962	2.029
559	82.08.0277; 82.12.0273	Pollen	Retail Sales & Use Tax	Exemption	Agriculture	1967			0.026	0.026	0.026	0.026
560	82.08.0278; 82.12.0274	Annexation sales	Retail Sales & Use Tax	Exemption	Government	1970			0.000	0.000	0.000	0.000
561	82.08.0279	Nonresidents' rental vehicles	Retail Sales & Use Tax	Exemption	Interstate Commerce	1980			0.250	0.264	0.277	0.289
562	82.08.02795; 82.12.02745	Free public hospitals	Retail Sales & Use Tax	Exemption	Other	1993			D	D	D	D
563	82.08.02805; 82.12.02747	Nonprofit blood and tissue banks	Retail Sales & Use Tax	Exemption	Nonprofit	1995			7.155	5.951	6.011	6.071
564	82.08.02806; 82.12.02748	Human body parts	Retail Sales & Use Tax	Exemption	Other	1996			D	D	D	D
565	82.08.02807; 82.12.02749	Organ procurement	Retail Sales & Use Tax	Exemption	Nonprofit	2002			D	D	D	D
566	82.08.0281; 82.12.0275	Prescription drugs	Retail Sales & Use Tax	Exemption	Individuals	1974			379.228	379.228	379.228	379.228
567	82.08.0282; 82.12.0276	Returnable containers	Retail Sales & Use Tax	Exemption	Business	1974			0.211	0.232	0.255	0.281
568	82.08.0283; 82.12.0277	Medical devices, naturalpathic medicine, and oxygen	Retail Sales & Use Tax	Exemption	Individuals	1975			43.963	45.231	46.136	47.059
569	82.08.0285; 82.12.0279	Ferry boat construction and repair	Retail Sales & Use Tax	Exemption	Government	1977			7.003	7.010	4.410	4.417
570	82.08.0287; 82.12.0282	Ride-sharing vehicles	Retail Sales & Use Tax	Exemption	Other	1980			1.005	1.047	1.080	1.094
571	82.08.02875	Football stadium and exhibition center parking	Retail Sales & Use Tax	Exemption	Government	1997			D	D	D	D
572	82.08.0288; 82.12.0283	Leased irrigation equipment	Retail Sales & Use Tax	Exemption	Agriculture	1983			2.941	3.030	3.120	3.214
573	82.08.0291; 82.12.02917	Recreation services and physical fitness classes	Retail Sales & Use Tax	Exemption	Nonprofit	1981			11.586	11.933	12.291	12.660

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
574	82.08.02915; 82.12.02915	Housing for youth in crisis	Retail Sales & Use Tax	Exemption	Nonprofit	1995			0.080	0.084	0.088	0.092
575	82.08.0293; 82.12.0293	Food and food ingredients	Retail Sales & Use Tax	Exemption	Individuals	1982			1,148.976	1,203.564	1,260.709	1,320.531
576	82.08.0294; 82.12.0294	Fish feed for aquaculture	Retail Sales & Use Tax	Exemption	Agriculture	1985			0.090	0.090	0.090	0.090
577	82.08.0296; 82.12.0296	Livestock feed	Retail Sales & Use Tax	Exemption	Agriculture	1986			0.114	0.114	0.114	0.114
578	82.08.0297; 82.12.0297	Food stamp purchases	Retail Sales & Use Tax	Exemption	Individuals	1987			16.417	16.261	16.111	15.968
579	82.08.0298; 82.12.0298	Commercial fishing boat fuel	Retail Sales & Use Tax	Exemption	Business	1987			2.007	2.165	2.240	2.297
580	82.08.0299	Lodging for homeless people	Retail Sales & Use Tax	Exemption	Individuals	1988			0.029	0.030	0.031	0.032
581	82.08.031; 82.12.031	Artistic and cultural organizations	Retail Sales & Use Tax	Exemption	Nonprofit	1981			1.940	2.050	2.150	2.260
582	82.08.0311; 82.120.0311	Horticultural packing materials	Retail Sales & Use Tax	Exemption	Agriculture	1988			0.513	0.549	0.587	0.628
583	82.08.0315; 82.12.0315	Film and video production equipment or services	Retail Sales & Use Tax	Exemption	Business	1995			0.513	0.549	0.587	0.628
584	82.08.0316; 82.12.0316	Cigarettes, tribal contracts	Retail Sales & Use Tax	Exemption	Government	2001			16.300	16.300	16.300	16.300
585	82.08.032; 82.12.032	Used park-model trailers	Retail Sales & Use Tax	Exemption	Individuals	2001			0.289	0.303	0.314	0.324
586	82.08.033; 82.12.033	Used mobile homes	Retail Sales & Use Tax	Exemption	Individuals	1979			3.527	3.708	3.835	3.964
587	82.08.034; 82.12.034	Used floating homes	Retail Sales & Use Tax	Exemption	Individuals	1984			0.373	0.392	0.406	0.419
588	82.08.036; 82.12.038	Core deposits & tire fees	Retail Sales & Use Tax	Exemption	Tax base	1989			0.000	0.000	0.000	0.000
589	82.08.037; 82.12.037	Bad debts	Retail Sales & Use Tax	Credit	Business	1982			6.538	6.736	6.940	7.150
590	82.08.050(11); 82.12.040(5)	Sellers with limited Washington connection	Retail Sales & Use Tax	Exemption	Business	2003			0.000	0.000	0.000	0.000
591	82.08.080	Vending machine sales	Retail Sales & Use Tax	Exemption	Business	1935			0.930	0.930	0.930	0.930
592	82.08.200; 82.12.200	Honey Beekeepers Feed	Retail Sales & Use T	Exemption	Agriculture	2013	07/01/2017		0.061	0.061	0.061	0.061
593	82.08.205; 82.12.205	Clay Targets	Retail Sales & Use T	Exemption	Other	2013	07/01/2017		0.016	0.170	0.000	0.000
594	82.08.207; 82.12.207	Standard Financial Information	Retail Sales & Use T	Exemption	Business	2013	07/01/2021		0.550	0.609	0.673	0.742
595	82.08.210; 82.12.210	Flavor imparters - Restaurants	Retail Sales & Use T	Exemption	Business	2013	07/01/2017		0.056	0.056	0.000	0.000
596	82.08.215; 82.12.215	Nonresident Large Private Airplane	Retail Sales & Use T	Exemption	Individuals	2013			1.625	1.625	1.625	1.625

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
597	82.08.220; 82.12.220	Fuel Used by Mint Growers	Retail Sales & Use T	Exemption	Agriculture	2013	07/01/2017		0.160	0.160	0.000	0.000
598	82.08.700; 82.12.700	Boats sold to nonresidents - in-state use permit	Retail Sales & Use Tax	Exemption	Individuals	2007			0.743	0.791	0.844	0.886
599	82.08.803; 82.12.803	Nebulizers	Retail Sales & Use Tax	Exemption	Individuals	2004			0.450	0.450	0.450	0.450
600	82.08.804; 82.12.804	Ostomic items	Retail Sales & Use Tax	Exemption	Individuals	2004			0.281	0.281	0.281	0.281
601	82.08.805; 82.12.805	Aluminum smelter purchases	Retail Sales & Use Tax	Exemption	Business	2004	01/01/2017		D	D	D	D
602	82.08.806; 82.12.806	Computer equipment for printers and publishers	Retail Sales & Use Tax	Exemption	Business	2004			0.590	0.598	0.606	0.614
603	82.08.807; 82.12.807	Direct mail delivery charges	Retail Sales & Use Tax	Exemption	Business	2005			0.251	0.265	0.278	0.290
604	82.08.808; 82.12.808	Comprehensive cancer centers	Retail Sales & Use Tax	Exemption	Nonprofit	2005			D	D	D	D
605	82.08.809; 82.12.809	Alternative fuel vehicles	Retail Sales & Use Tax	Exemption	Other	2005	07/01/2019		3.348	4.018	4.419	4.862
606	82.08.810; 82.12.810	Air pollution control facilities	Retail Sales & Use Tax	Exemption	Business	1997			0.000	0.000	0.000	0.000
607	82.08.811; 82.12.811	Coal for thermal generating plants	Retail Sales & Use Tax	Exemption	Business	1997			D	D	D	D
608	82.08.816; 82.12.816	Electric vehicle battery charging stations	Retail Sales & Use Tax	Exemption	Business	2009	01/01/2020		0.175	0.175	0.175	0.175
609	82.08.820; 82.12.820	Warehouses and grain elevators more than 200,000 square feet	Retail Sales & Use Tax	Exemption	Business	1997			5.200	5.400	5.600	5.800
610	82.08.830	Nonprofit camps and conference centers	Retail Sales & Use Tax	Exemption	Nonprofit	1997			0.679	0.699	0.720	0.741
611	82.08.832; 82.12.832	Gun safes	Retail Sales & Use Tax	Exemption	Individuals	1998			0.400	0.422	0.444	0.463
612	82.08.834; 82.12.834	Regional Transit Authority Sales and Leasebacks	Retail Sales & Use Tax	Exemption	Government	2000			0.000	0.000	0.000	0.000
613	82.08.850; 82.12.850	Conifer seedlings exported	Retail Sales & Use Tax	Exemption	Agriculture	2001			0.031	0.031	0.031	0.031
614	82.08.855; 82.12.855	Farm machinery replacement parts and repair	Retail Sales & Use Tax	Exemption	Agriculture	2006			25.963	26.667	27.390	28.132
615	82.08.865; 82.12.865	Fuel used on farms	Retail Sales & Use Tax	Exemption	Agriculture	2006			15.394	15.921	17.311	19.563
616	82.08.870; 82.12.845	Motorcycles used for rider training programs	Retail Sales & Use Tax	Exemption	Government	2001			0.003	0.003	0.003	0.003
617	82.08.875; 82.12.875	Automotive adaptive equipment	Retail Sales & Use T	Exemption	Other	2013	07/01/2018		D	D	D	0.000
618	82.08.880; 82.12.880	Livestock medicine	Retail Sales & Use Tax	Exemption	Agriculture	2001			2.141	2.141	2.141	2.141

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
619	82.08.890; 82.12.890	Livestock nutrient management	Retail Sales & Use Tax	Exemption	Agriculture	2001			0.631	0.631	0.631	0.631
620	82.08.900; 82.12.900	Anaerobic digesters for dairies	Retail Sales & Use Tax	Exemption	Agriculture	2001			0.059	0.059	0.059	0.059
621	82.08.910; 82.12.910	Gas to heat chicken houses	Retail Sales & Use Tax	Exemption	Agriculture	2001			1.669	1.694	1.662	1.695
622	82.08.920; 82.12.920	Chicken bedding materials	Retail Sales & Use Tax	Exemption	Agriculture	2001			0.408	0.417	0.426	0.434
623	82.08.925; 82.12.925	Dietary supplements	Retail Sales & Use Tax	Exemption	Individuals	2003			4.991	5.091	5.193	5.297
624	82.08.935; 82.12.935	Drug delivery systems	Retail Sales & Use Tax	Exemption	Individuals	2003			15.605	15.605	15.605	15.605
625	82.08.940; 82.12.940	Over-the-counter drugs that sold by prescription	Retail Sales & Use Tax	Exemption	Individuals	2003			25.522	26.416	27.340	28.297
626	82.08.945; 82.12.945	Kidney dialysis equipment	Retail Sales & Use Tax	Exemption	Business	2003			3.144	3.217	3.217	3.217
627	82.08.950; 82.12.950	Electricity and steam	Retail Sales & Use Tax	Exemption	Tax base	2003			0.000	0.000	0.000	0.000
628	82.08.956; 82.12.956	Hog fuel used to produce energy	Retail Sales & Use Tax	Exemption	Business	2009	06/30/2024		0.592	0.592	0.592	0.592
629	82.08.962; 82.12.962	Renewable energy equipment	Retail Sales & Use Tax	Exemption	Business	2009	01/01/2020		0.867	0.676	0.395	0.223
630	82.08.963; 82.12.863	Solar energy equipment	Retail Sales & Use Tax	Exemption	Business	2009	06/30/2018		3.856	2.533	0.948	0.000
631	82.08.965; 82.12.965	Semiconductor materials manufacturing after $1 billion investment - construction costs	Retail Sales & Use Tax	Exemption	Business	2003			0.000	0.000	0.000	0.000
632	82.08.9651; 82.12.9651	Semiconductor materials manufacturing - gases and chemicals	Retail Sales & Use Tax	Exemption	Business	2006	12/01/2018		1.822	1.856	1.311	0.633
633	82.08.970; 82.12.970	Semiconductor materials manufacturing after $1 billion investment - gases and chemicals	Retail Sales & Use Tax	Exemption	Business	2003			0.000	0.000	0.000	0.000
634	82.08.975; 82.12.975	Airplane pre-production computer expenditures	Retail Sales & Use Tax	Exemption	Business	2003	07/01/2040		4.262	4.591	4.850	5.120
635	82.08.980; 82.12.980	Commercial airplane facilities on port district property	Retail Sales & Use Tax	Exemption	Business	2003	07/01/2040		D	D	D	D
636	82.08.983; 82.12.983	Wax or ceramic materials used to create molds	Retail Sales & Use Tax	Exemption	Business	2010			0.292	0.291	0.300	0.310
637	82.08.985; 82.12.985	Insulin	Retail Sales & Use Tax	Exemption	Individuals	2004			13.298	13.564	13.835	14.112
638	82.08.986; 82.12.986	Data center equipment and infrastructure	Retail Sales & Use Tax	Exemption	Business	2010	01/01/2020		45.292	49.452	53.613	34.510

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2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
639	82.08.990	Interstate commerce - import and export shipments	Retail Sales & Use Tax	Exemption	Interstate Commerce	2007			0.000	0.000	0.000	0.000
640	82.08.995; 82.12.995	Public authority sales	Retail Sales & Use Tax	Exemption	Government	2007			0.002	0.002	0.002	0.002
641	82.08.997	Temporary medical housing	Retail Sales & Use Tax	Exemption	Nonprofit	2008			0.138	0.141	0.144	0.147
642	82.08.998; 82.12.998	Residential weatherization	Retail Sales & Use Tax	Exemption	Individuals	2008			0.322	0.335	0.348	0.362
643	82.08.999; 82.12.999	Joint municipal utility authority	Retail Sales & Use Tax	Exemption	Government	2011			D	D	D	D
644	82.08.9995; 82.12.9995	Restaurant employee meals	Retail Sales & Use Tax	Exemption	Business	2011			2.752	2.902	3.044	3.175
645	82.08.9996; 82.12.9996	Vessel deconstruction	Retail Sales & Use Tax	Exemption	Business	2014			0.053	0.053	0.053	0.053
646	82.12.010(7, c)	Use tax on rental value	Retail Sales & Use Tax	Exemption	Business	1985			1.035	1.086	1.142	1.190
647	82.12.0251	Nonresidents' personal property	Retail Sales & Use Tax	Exemption	Individuals	1935			1,125.896	1,187.480	1,245.367	1,298.784
648	82.12.0254	Vehicles used in interstate commerce	Retail Sales & Use Tax	Exemption	Interstate Commerce	1937			311.918	165.649	176.571	185.153
649	82.12.02595	Donations to nonprofits and government	Retail Sales & Use Tax	Exemption	Nonprofit	1995			1.900	2.004	2.102	2.193
650	82.12.0263	Extracted fuel	Retail Sales & Use Tax	Exemption	Business	1949			20.525	22.143	22.904	23.494
651	82.12.0264	Driver training vehicles	Retail Sales & Use Tax	Exemption	Government	1955			0.014	0.015	0.017	0.019
652	82.12.0265	Bailed tangible personal property for research and development	Retail Sales & Use Tax	Exemption	Business	1961			D	D	D	D
653	82.12.0266	Vehicles acquired while in military service	Retail Sales & Use Tax	Exemption	Individuals	1963			5.917	6.165	6.350	6.439
654	82.12.0272	Display items for trade shows	Retail Sales & Use Tax	Exemption	Business	1971			I	I	I	I
655	82.12.0284	Computers donated to schools	Retail Sales & Use Tax	Exemption	Government	1983			0.094	0.094	0.094	0.094
656	82.12.035	Tax paid to other states	Retail Sales & Use Tax	Credit	Tax base	1967			0.857	0.905	0.958	1.003
657	82.12.225	Nonprofit fund-raising activities - article valued at less than $10,000	Retail Sales & Use T	Exemption	Nonprofit	2013	07/01/2020		0.015	0.015	0.015	0.015
658	82.12.800; 82.12.801; 82.12.802	Vessel use by manufacturers or dealers	Retail Sales & Use Tax	Exemption	Business	1997			0.251	0.266	0.284	0.297
659	82.32	Nonresident entity vessel owners	Retail Sales & Use Tax	Exemption	Business	2015	07/01/2019		1.333	1.477	1.575	1.652

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660	82.12.860	Credit unions - state chartered conversion	Retail Sales & Use Tax	Exemption	Business	2006			0.172	0.172	0.172	0.172
661	82.14.410	Local sales tax cap for lodging	Retail Sales & Use Tax	Exemption	Business	2001			0.000	0.000	0.000	0.000
662	82.14.430(1)	Local regional transportation vehicles	Retail Sales & Use Tax	Exemption	Tax base	2002			0.000	0.000	0.000	0.000
663	82.14.450(4)	Local public safety tax on vehicles	Retail Sales & Use Tax	Exemption	Business	2003			0.000	0.000	0.000	0.000
664	82.32.065	Returned motor vehicles under warranty	Retail Sales & Use Tax	Credit	Business	1987			0.072	0.072	0.072	0.072
665	82.32.580	Museum for historic autos	Retail Sales & Use Tax	Deferral	Nonprofit	2005			0.000	0.000	0.000	0.000
666	82.32.760(1b)	Sales tax destination sourcing costs	Retail Sales & Use Tax	Credit	Business	2007			0.000	0.000	0.000	0.000
667	82.34.050(2); 82.34.060(2)	Pollution control facilities	Retail Sales & Use Tax	Exemption	Business	1967			0.000	0.000	0.000	0.000
668	82.60.040; 82.60.049	High unemployment deferral	Retail Sales & Use Tax	Deferral	Business	1985	07/01/2020		3.743	3.929	4.177	4.431
669	82.66.040	Horse racing track deferral	Retail Sales & Use Tax	Deferral	Business	1995			0.000	0.000	0.000	0.000
670	82.75.010; 82.75.030	Biotechnology investments	Retail Sales & Use Tax	Deferral	Business	2006	01/01/2017		0.722	0.447	0.000	0.000
671	82.82.020; 82.82.030	Corporate headquarters in a Community Empowerment Zone (CEZ)	Retail Sales & Use Tax	Deferral	Business	2008	12/31/2020		0.000	0.000	0.000	0.000
672	82.64.030(1)	Carbonated beverage syrup previously taxed	Soft Drinks Syrup Tax	Exemption	Tax base	1989			I	I	I	I
673	82.64.030(2)	Carbonated beverage syrup exported	Soft Drinks Syrup Tax	Exemption	Tax base	1989			I	I	I	I
674	82.64.030(3)	Trademarked carbonated beverage syrup	Soft Drinks Syrup Tax	Exemption	Tax base	1991			0.000	0.000	0.000	0.000
675	82.64.030(4)	Carbonated beverage syrup purchased before 6/1/91	Soft Drinks Syrup Tax	Exemption	Tax base	1989			0.000	0.000	0.000	0.000
676	82.64.040	Taxes paid in other states	Soft Drinks Syrup Tax	Credit	Tax base	1989			I	I	I	I
677	82.18.050	Refuse service for federal government	Solid Waste Collection Tax	Exemption	Government	1986			0.390	0.399	0.410	0.422
678	84.33.075	Nonprofit youth organizations	Timber Excise Tax	Exemption	Nonprofit	1980			D	D	D	D
679	84.33.0775	Credit, salmon habitat	Timber Excise Tax	Credit	Business	1999			7.531	7.531	7.531	7.531
680	84.33.0776	84.33.0776 - Timber harvest excise tax agreement - Quinault Nation	Timber Excise Tax	Credit	Government	2007			0.000	0.000	0.000	0.000
681	84.33.086	$50 minimum timber tax	Timber Excise Tax	Exemption	Business	1984			0.001	0.001	0.001	0.001

KEY C = Combined with estimate above / D = Unable to disclose / I = Impact is indeterminate / M = Minimal but not zero *Dollars* Taxpayer Savings - STATE $'s *Millions*

2016 Order	RCW	Title	Tax Type	Preference Type	Category	Year Enacted	End Date	Property Tax Total Exempt Assessed Value	FY 2016	FY2017	FY 2018	FY2019
682	84.33.170	Christmas trees and cottonwoods	Timber Excise Tax	Exemption	Agriculture	1971			0.418	0.418	0.418	0.418
683	82.44.010(2)	Excluded vehicles	Vehicle Excise Tax	Exclusion	Tax base	1955			0.000	0.000	0.000	0.000
684	82.44.015	Ride-sharing vehicles	Vehicle Excise Tax	Exemption	Other	1980			0.000	0.000	0.000	0.000
685	82.48.100(1)	Government aircraft	Vehicle Excise Tax	Exemption	Government	1949			I	I	I	I
686	82.48.100(2)	Aircraft registered in a foreign country	Vehicle Excise Tax	Exemption	Other	1949			I	I	I	I
687	82.48.100(3)	Nonresident aircraft registered outside Washington	Vehicle Excise Tax	Exemption	Individuals	1949			I	I	I	I
688	82.48.100(4)	Commercial aircraft	Vehicle Excise Tax	Exemption	Interstate Commerce	1949			I	I	I	I
689	82.48.100(5)	Aircraft testing or crew training	Vehicle Excise Tax	Exemption	Other	1949			I	I	I	I
690	82.48.100(6)	Aircraft held for sale	Vehicle Excise Tax	Exemption	Business	1955			I	I	I	I
691	82.48.100(7)	Nonresident keeping aircraft in-state at Pullman-Moscow Airport	Vehicle Excise Tax	Exemption	Individuals	1999			0.001	0.001	0.001	0.001
692	82.48.100(8)	Emergency medical aircraft	Vehicle Excise Tax	Exemption	Nonprofit	2010			I	I	I	I
693	82.49.020(3)	Boats under 16 feet	Vehicle Excise Tax	Exemption	Individuals	1983			3.164	3.360	3.558	3.747
694	82.50.520(1-4)	Travel trailers and campers	Vehicle Excise Tax	Exemption	Individuals	1971			0.000	0.000	0.000	0.000