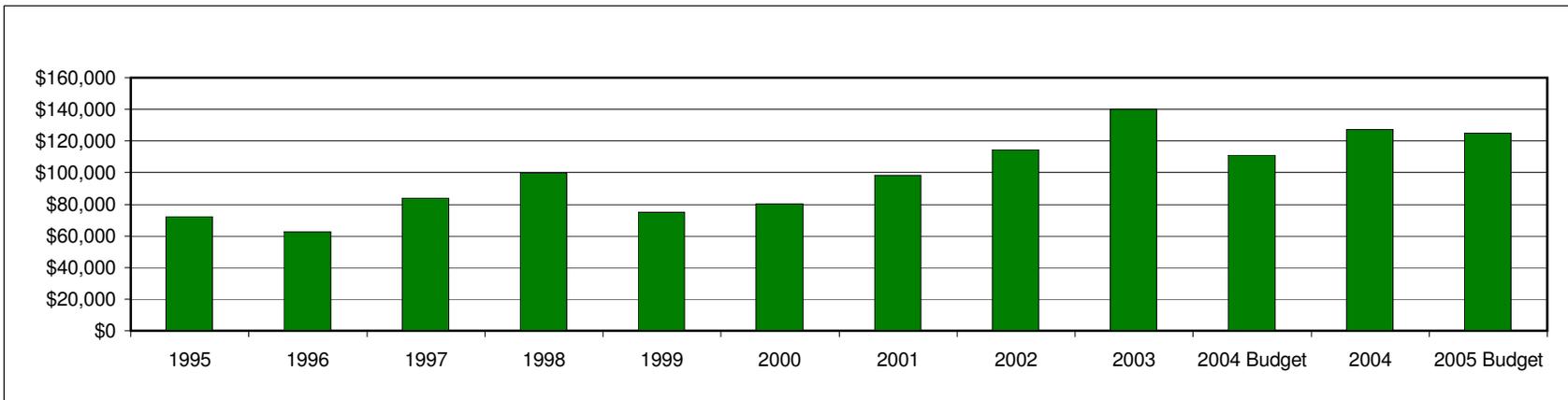


Leasehold Tax

Perspectives

This revenue source is an excise tax levied as a percent of the rent paid by private lessees for occupying or using public owned real or personal property. The City portion of the leasehold excise tax is 4% of the taxable rent. The City currently collects leasehold excise tax for use of City property through revocable permits, leases at 200 Mill Ave. S. and City Hall, antenna leases at the City Reservoirs, concessionaire leases at City Hall, Coulon Park and the Golf Course, and leases at the City Airport. The leasehold excise tax is assessed only on any lease that exceeds \$250 annually. This revenue is received through State Shared Revenue bi-monthly in accordance with RCW 82.29A.090.

	2002	2003	2004 Budget	2004	2005 Budget
Fund 000	\$114,329	\$139,906	\$111,000	\$127,418	\$125,000



Forecast Assumptions

- 2003 Revenues in Fund 306 are expected to rise as new tenants will occupy 200 Mill Ave building in 2003.
- 2004 5% growth rate.
- 2005 City revenue on Leasehold taxes is related to the amount of City leased property.

Authority and Rates

Tax/Revenue Base: Properties of the State of Washington, Counties, School Districts, and other Municipal corporations, such as the City of Renton are exempt from property tax obligation. Private lessees of such public properties receive substantial benefits from governmental services provided by units of government. Therefore lessees of public owned properties are subject to leasehold excise tax. The tax is based on the "Contract Rent or "Taxable Rent". "Contract rent" is defined as rent payments, including rent paid by a sublessee, and lessee expenditures for improvements to the property to the extent that such improvements become the property of the Lessor.

RMC: Title V: Business Regulations, Chapter 9: Leasehold Tax outlines the specific purpose: The City of Renton is authorized to levy a leasehold excise tax of not to exceed four percent (4%) of taxable rent on the act or privilege of occupying or using publicly owned real or personal property by means of leasehold interest in publicly owned property.

RCW: Chapter 82.29A Leasehold Excise Tax.
RCW 82.29A.030 (1) There is hereby levied and shall be collected a leasehold excise tax on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest on and after January 1, 1976, at a rate of twelve percent (12%) of taxable rent: provided that after the computation of the tax there shall be allowed credit for any tax collected pursuant to RCW 82.29A.040. (2) An additional tax is imposed equal to the rate specified in RCW 82.02.030 multiplied by the tax payable under subsection (1) of this section.

RCW 82.29A.040 The legislative body of any county or city is hereby authorized to levy and collect a leasehold excise tax on the act or privilege of occupying or using publicly owned real or personal property through a leasehold interest in publicly owned property within the territorial limits of such county or city. The tax levied by a county under authority of this section shall not exceed six percent (6%) and the tax levied by a city shall not exceed four percent (4%) of taxable rent: provided that any county ordinance levying such tax shall contain a provision allowing a credit against the county tax for the full amount of any city tax imposed upon the same taxable event. The department of revenue shall perform the collection of such taxes on behalf of such county or city.

RCW 82.02.030 The rate of the additional taxes under RCW 82.29A.030 (2) shall be seven percent (7%). (This effectively changes the leasehold excise tax rate to 12.84% of taxable rent. This is the maximum amount that can be levied.)

Background Information

The following is a list of City leases that are subject to Leasehold Excise Tax. Note that some of these leases may be less than \$250 annually and therefore not subject to leasehold tax.

Revocable Permits (Fund 000):

Boeing Commercial
Renton Chamber of Commerce
B&B Auto Parts
Bird, Robert
Carlson, Harold
Cherrywood Lane HOA
Creekside on Sunset HOA
Denny's
Farago, Robert & Deborah
Fleming, Rodger
Fox, Martin
George Properties
Hiles, John
Hoang, Hien
Kaye Smith Enterprises
King County Property Svcs
L.A. Washburn
Maletta, Don
Nextel
Pham, Augustine
Qwest Communications
Reed, Wilber
Renton Talbot Delaware

Revocable Permits (Fund 000):

Hsue, Kuai
Sound Ford
Spirt of Washington
Stevens, Patricia A
Taylor's Auto Body
Thomas, Duane
Tuttolinis Sports Bar & Grill
Walcott, Gary & Sally
Whistle Stop Ale House
Younker Motors
Patricelli, Martin
Kebede, Atsebha
The Met Coffee & Wine Bar
Pierre, James
Airport Leases (Fund 402):
BHC, Inc.
Boeing Employees Flying Assoc
Boeing Company, The
Bosair, LLC
Cedar River Hangar Gen Partn
Chatham, Bill
Conner, Mize
Evergreen Flying Club
Federal Aviation Administration
Harris, Dave

Airport Leases (Fund 402):

Kamm, AJ
Kaynan
Lake Union Air Service
Lane Hangar Condominium Assoc
Lomas, Richard
Newman, Richard
Pro-Flight Aviation
Puget Sound Energy
Renton Chamber of Commerce
Renton Coil Spring
Schoenbachler, Bob
Seymour, Richard
Sonntag, John
South Cove Ventures, LLC
Taplin, Jim
Bohner, Chris
Reeder, William
Mittner, Gerald
Kenmore Aire Harbor, Inc
Brockway, Curtis
Flynn, Patrick
Newman, Richard L
Air O Inc
Bosair, LLC

Antenna Leases (Fund 401):

Bellsouth Wireless
Group Health Cooperative
Metrocall, Inc
XM Satellite Radio

Other Leases (Fund 306):

W&H Pacific/Sprint Lease Mgmt
Communities In Schools

Concessionaire Leases (Fund 101):

Cascade Canoe & Kayah Ctr Inc

Street Excavations (Fund 103):

Boeing Commercial Co
Metronet Fiber Washington , Inc
Electric Lightwave, Inc

Concessionaire Leases (Fund 404):

All My Restaurants, Inc.

Insignia Kidder Mathews Property Leases