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Washington Self Storage Association (WA-SSA)

Washington State Legislative Report

Friday, February 10, 2012

We are currently in the 33rd day of the 60 day legislative session, which began on Monday, January 9, 2012.

Major bills WA-SSA is opposing in this session:

1. **HB 2762** – “State Tax Exemptions” - Eliminates all 251 over time. See below for specific impact to self-storage
2. **HB 2563** – 5% State Capital Gains Tax, plus other provisions and impacts on 1031 exchanges
3. **SB (not filed)** - 5% State Capital Gains plus other tax preferences



Don Arsenault, WA-SSA
Legislative Chair/Vice
President

HB 2563 – State Capital Gains **Rep. Jinkins**

This bill establishes a state tax on capital gains, which would affect commercial and residential rental properties. It does not allow for tax deferred exchanges as under federal law. With \$23 billion in annual income and who knows the market values of our properties, property owners are the source for “new revenues.”

STATUS: House Ways & Means Committee (Alive)
POSITION: Oppose

SB (Not filed) - 5% Capital Gains plus other tax preferences **Sen. Murray**

Sen. Ed Murray (D-43) is advancing a proposal that would put a **permanent 5% capital gains tax on real estate** on the ballot, together or likely separately with a **temporary sales tax** (½ penny). Under law ballot measures must have the same title/subject.

The proposal would be **referendum for November 2012 General Election** with specific funding for education. The goal is to avert the cuts to education in the Governor’s Budget.

Some B&O tax increase – maybe part of a separate package. The package may include increasing tax on cigarettes, extending the beer tax, reducing the sales tax break for cars purchased from auto dealers and others.

The sales tax increase would be temporary while the capital gains would be permanent. The capital gains tax would take effect on January 1, 2013.

No near date has been set at this time. There is no bill number or draft available as of yet.

STATUS: No yet filed – likely Sen. Ways & Means Committee

POSITION: Oppose



Mark Gjurasic, WA-SSA
Lobbyist

HB 2762 – Tax Break Elimination Rep. Carlyle & Rep. Anderson

This bill eliminates 251 tax breaks which add up to nearly \$2 billion to help balance the state budget. Each “tax break” would have a “**sunset**” (elimination) and would be phased out in groups – the first in 2017. The remainder into four groups expiring every two years. Each tax break would have a review to determine its “usefulness and purpose/intent.” One of these for review includes “investment income deductions,” B&O tax deduction, property tax deductions and more.

Please review the two sections below applying to self-storage:

13 (b) "Storage warehouse" means a building or structure, or any part
14 thereof, in which goods, wares, or merchandise are received for storage
15 for compensation, except field warehouses, fruit warehouses, fruit
16 packing plants, warehouses licensed under chapter 22.09 RCW, public
17 garages storing automobiles, railroad freight sheds, docks and wharves,
18 and "self-storage" or "mini storage" facilities whereby customers have
19 direct access to individual storage areas by separate entrance.
20 "Storage warehouse" does not include a building or structure, or that
21 part of such building or structure, in which an activity taxable under
22 RCW 82.04.272 is conducted.

27 (3) The 0.484 percent tax rate applicable to subsection (1)(a), (d)
28 and (e) of this section does not apply on or after July 1, 2021.

29 (4) The 0.484 percent tax rate applicable to subsection (1)(f) of
30 this section does not apply on or after July 1, 2017.

13 (3) The 0.484 percent tax rate applicable to subsection (1)(a),
14 (d), (e), and (f) of this section does not apply on or after July 1,
15 2021.

STATUS: ALIVE - House Ways & Means Committee

POSITION: Oppose

HB 1126 Rep. Ross

Criminal Street Gangs: This legislation would declare a property a nuisance without the notification of the property owner after 3 or more unrelated criminal gang offenses occur. This legislation undermines the crime-free legislation passed last year (SB 5742) where landlords are notified via notice from the police regarding the criminal activity and allow the property owner in a good faith effort to deter the activity. This could apply to commercial property and residential property owners, parking lots, shopping centers and other properties.

POSITION: Oppose

STATUS: DEAD House Public Safety & Emergency Preparedness

HB 1929**Rep. Liias**

Street Utility Maintenance: This legislation implements the **street utility tax** for the purpose of maintaining streets in towns and cities and not for creating new roads. This legislation authorizes city legislative authorities to submit and authorize proposition to the voters and, if approved, establish a street maintenance utility to provide street maintenance utility service. Plus rates would be uniform for the same class of service, and all business and residential properties would be subject to the utility charge. The manner in which the street maintenance utility (SMU) rates are determined is under the discretion (with some guidelines) of the jurisdiction of City Councils who establish the SMU. SMU's are also empowered to collect against an owner, tenant, or occupant according to law, as necessary. The current bill is limited to 10 cities and towns excluding Seattle, versus in the original bill, to all cities and towns. These cities eligible for the street maintenance utilities are: Tacoma, Vancouver, Spokane, Kenmore, Burien, Shoreline, Auburn, Edmonds, Federal Way and Kent.



Terry Kohl,
WA-SSA Lobbyist

POSITION:**Oppose****STATUS:****DEAD** Transportation Committee**SB 5910****Sen. White**

Parking Tax: This legislation authorizes the legislative authority of a county, city or district to fix and impose a parking tax on all nonresidential parking within its respective jurisdiction. This bill "would allow the city to charge a per-stall fee for every non-city-owned parking stall in the city, including those at the University of Washington." Please see the following link for the language of the bill:

<http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5910.pdf>

POSITION:**Oppose****STATUS:****DEAD** Government Operations, Tribal Relations & Elections**SB 5944****Sen. Murray**

Revenue increases for purposes of imposing a supermajority voting requirement in the legislature:

Upon the approval of the people at the next general election this referendum allows the legislature to eliminate exemptions by a majority vote rather than a 2/3 vote. Please see the following link for the language of the bill: <http://apps.leg.wa.gov/documents/billdocs/2011-12/Pdf/Bills/Senate%20Bills/5944.pdf>

POSITION:**Oppose****STATUS:****ALIVE** Ways & Means Committee

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WA-SSA

Legislative Alert

Please e-mail your lawmakers to **Support or **Oppose** legislation in this report.**

You can find your lawmaker at:

<http://apps.leg.wa.gov/districtfinder/>

Lawmakers email and telephone numbers can be found at:

<https://dlr.leg.wa.gov/MemberEmail/Default.aspx>

Or Call the Hotline at 800.562.6000

(Open 8:00am-8:00pm Mon-Fri; 9:00am-1:00pm Sat; Closed Sun)

2012 Session Cutoff

Tuesday, February 14 - Last day to consider bills in house of origin (5 p.m.).

Friday, February 24 - Last day to read in committee reports from opposite house, except House fiscal committees and Senate Ways & Means and Transportation committees.

Monday, February 27 - Last day to read in opposite house committee reports from House fiscal committees and Senate Ways & Means and Transportation committees.

Friday, March 2 - Last day to consider opposite house bills (5 p.m.) (except initiatives and alternatives to initiatives, budgets and matters necessary to implement budgets, differences between the houses, and matters incident to the interim and closing of the session).

Thursday, March 8 - Last day allowed for regular session under state constitution.

** After the 54th day, only initiatives, alternatives to initiatives, budgets and matters necessary to implement budgets, matters that affect state revenue, messages pertaining to amendments, differences between the houses, and matters incident to the interim and closing of the session may be considered.*

Many thanks.

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