

WSR 07-06-016

EXPEDITED RULES

DEPARTMENT OF REVENUE

[Filed February 26, 2007, 3:32 p.m.]

Title of Rule and Other Identifying Information: WAC 458-16-115 explains the personal property tax exemption for household goods, furnishings, and personal effects. It also explains the exemption available to the head of a family for other taxable personal property. These exemptions are provided by RCW 84.36.110.

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO James A. Winterstein, Department of Revenue, P.O. Box 47471, Olympia, WA 98504-7471, fax (360) 586-7602, e-mail JimWi@dor.wa.gov, AND RECEIVED BY May 7, 2007. Copies of draft rules are available for viewing and printing on our web site at <http://dor.wa.gov/content/laws/RuleMaking/default.aspx>.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: A constitutional amendment was approved by the voters at the November 2006 election. The amendment changed the amount of the exemption for the personal property of a head of a family from \$3,000 to \$15,000 and also changed the implementing statute, RCW 84.36.110. This change was effective January 1, 2007. The department proposes to amend WAC 458-16-115, the rule to recognize the change in the amount of the exemption.

Reasons Supporting Proposal: The change to this rule is needed to recognize a constitutional amendment and statutory amendment that became effective January 1, 2007.

Statutory Authority for Adoption: RCW 84.08.010, 84.08.070, and 84.36.865.

Statute Being Implemented: RCW 84.36.110.

Rule is not necessitated by federal law, federal or state court decision.

Name of Proponent: Department of revenue, governmental.

Name of Agency Personnel Responsible for Drafting: James A. Winterstein, 1025 Union Avenue S.E., Suite #200, Olympia, WA, (360) 570-5880; Implementation and Enforcement: Brad Flaherty, 1025 Union Avenue S.E., Suite #200, Olympia, WA, (360) 570-5860.

February 26, 2007

Alan R. Lynn

Rules Coordinator

AMENDATORY SECTION (Amending WSR 06-24-043, filed 11/30/06, effective 12/31/06)

WAC 458-16-115 Personal property exemptions for household goods, furnishings, and personal effects, and for the head of a family. (1) **Introduction.** This (~~rule~~) section explains the personal property tax exemption for household goods, furnishings, and personal effects. It also explains the exemption available to the head of a family for otherwise taxable personal property up to a value of (~~three~~) fifteen thousand dollars. These exemptions are provided by RCW 84.36.110. (For (~~rules~~) sections dealing with exemptions of intangible personal property under RCW 84.36.070, see WAC 458-50-150 through 458-50-190.)

(2) **Exemption for household goods, furnishings, and personal effects.** All household goods and furnishings actually being used to equip and outfit the owner's residence or place of abode and all personal effects held by any person for his or her exclusive use and benefit are exempt from property taxation. Any household goods and furnishings or personal effects held for sale or commercial use do not qualify for this exemption. RCW 84.36.110(1).

(a) **What are household goods and furnishings?** "Household goods and furnishings" are all items of tangible personal property normally located in or about a residence and used or held to enhance the value or enjoyment of the residence, including its premises. The phrase includes, but is not limited to, movable items of necessity, convenience, or decoration, such as furniture, appliances, food, pictures, and tools and equipment used to maintain the residence. Personal property qualifying for this exemption retains its exempt status while temporarily in storage or while being used temporarily at locations other than the owner's residence.

"Household goods and furnishings" do not include items of personal property constructed primarily for use independent of and separate from a residence such as boats, motor vehicles, campers, and travel trailers. However, certain motor vehicles, campers, and travel trailers may be entitled to an exemption from property taxation under RCW 84.36.595. Also, some boats may be wholly or partially exempt from property taxation under RCW 84.36.080 and 84.36.090.

(b) **What are personal effects?** "Personal effects" are items of tangible property of a personal or intimate nature that usually and ordinarily accompany a person such as wearing apparel, jewelry, and articles of a similar nature. RCW 84.36.120.

(c) **When are household goods, furnishings, and personal effects not exempt?** Personal property held for sale or used for any business or commercial purpose does not qualify for the household goods exemption. Thus, property used to equip and outfit a motel, hotel, apartment, sorority, fraternity, boarding house, rented home, duplex, or any other premises not used by the owner for his or her own personal residence or place of abode does not qualify for this exemption. Likewise, a hairdresser who uses any portion of his or her home as a beauty salon cannot claim a household goods exemption for personal property held for sale or otherwise used in the business. Business inventories, however, are exempt from property taxation under RCW 84.36.477.

Following is a nonexclusive list of items that are exempt as household goods or furnishings if they are used in a resi-

dence or place of abode but are fully taxable if they are used for business or commercial purposes.

(i) Desks are exempt as household goods if they are used in a residence but are taxable if they are used in a business office, including an office located in the owner's residence.

(ii) Silverware and china are exempt if they are used in a residence but are taxable if they are used in a restaurant.

(iii) Art or other collections are exempt if they are located in a residence but are taxable if they are located in a public display or used for commercial purposes.

(iv) Power equipment such as lawnmowers used exclusively to enhance the value or enjoyment of a residence, including its premises, are exempt, but they are taxable when used to maintain a golf course or for any other business or commercial purpose.

(3) **Exemption for the head of a family.** Each head of a family is entitled to an exemption from his or her taxable personal property in an amount up to ~~((three))~~ fifteen thousand dollars of actual value. RCW 84.36.110(2). For purposes of this exemption, "actual value" has the same meaning as "true and fair value" as defined in WAC 458-07-030. The taxpayer must qualify for the head of a family exemption on January 1st of the assessment year (the assessment date) or the exemption is lost for taxes payable the following year. As noted above, household goods, furnishings, and personal effects not used for business or commercial purposes are exempt from property taxation; therefore, the exemption for the head of a family does not apply to such property.

(a) **Who qualifies as the head of a family?** The exemption for the head of a family applies only to individuals (i.e., natural persons); it does not apply to artificial entities such as corporations, limited liability companies, or partnerships. The "head of a family" includes the following residents of the state of Washington:

(i) Any person receiving an old age pension under the laws of this state;

(ii) Any citizen of the United States, over the age of sixty-five years, who has resided in the state of Washington continuously for ten years;

(iii) The husband or wife, when the claimant is a married person, or a surviving spouse not remarried; and

(iv) Any person who resides with, and has under his or her care and maintenance, any of the following:

(A) His or her minor child or grandchild, or the minor child or grandchild of his or her deceased spouse;

(B) His or her minor brother or sister or the minor child of a deceased brother or sister;

(C) His or her father, mother, grandmother, or grandfather, or the father, mother, grandmother, or grandfather of a deceased spouse; or

(D) Any of the other relatives mentioned in this subsection who have attained the age of majority and are unable to take care of or support themselves.

(b) **What property is not exempt?** The personal property exemption for the head of a family does not apply to the following:

(i) Private motor vehicles. A "private motor vehicle" is any motor vehicle used for the convenience or pleasure of the owner, which carries a licensing classification other than motor vehicle for hire, auto stage, auto stage trailer, motor

truck, motor truck trailer, or dealer's license. RCW 84.36.120;

(ii) Mobile homes. A "mobile home" is a trailer designed for human habitation, which is capable of being moved upon the public streets and highways and is either more than thirty-five feet in length or more than eight feet in width. RCW 84.36.120;

(iii) Floating homes. A "floating home" is a building on a float, used in whole or in part for human habitation as a single-family dwelling and is on the property tax rolls of the county in which it is located. A floating home is not designed for self-propulsion by mechanical means or by means of wind. RCW 82.45.032; or

(iv) Houses, cabins, boathouses, boat docks, or other similar improvements that are located on publicly owned land.

(c) **Examples.** The following examples identify a number of facts and then state a conclusion. These examples should be used only as a general guide. The status of each situation must be determined after a review of all of the facts and circumstances.

(i) A husband and wife operate a catering business as a limited liability company (LLC). The wife also operates a consulting business as a sole proprietor out of the family home. Husband and wife are not entitled to the head of family exemption for property held by the LLC. However, the wife is entitled to the head of family exemption for the taxable personal property used in her consulting business.

(ii) Jane Doe is a citizen of the United States, over the age of sixty-five, and has resided in the state of Washington continuously for over ten years. Jane owns a farm. She has transferred title to the farm property, both real and personal, into a trust. An attorney is the trustee, and Jane is the sole beneficiary. Since Jane Doe has beneficial ownership of the trust property and she qualifies as the head of a family, Jane may claim the head of a family exemption for the taxable personal property held in the trust.

(4) **How do the exemptions included in this ~~((rule))~~ section affect listing?** If the county assessor is satisfied that all of the personal property of any person is exempt from taxation, no listing is required by the owner or taxpayer. If the value of taxable personal property exceeds ~~((three))~~ fifteen thousand dollars, then the taxpayer must make a complete listing, and the assessor will deduct ~~((three))~~ fifteen thousand dollars from the total amount of the assessment and assess the remainder. RCW 84.36.110(2).

WSR 07-06-035

EXPEDITED RULES

GAMBLING COMMISSION

[Filed February 28, 2007, 3:40 p.m.]

Title of Rule and Other Identifying Information: WAC 230-04-203 Commercial stimulant and other business organizations.

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL

ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO Susan Arland, Washington State Gambling Commission, P.O. Box 42400, Olympia, WA 98504, AND RECEIVED BY May 7, 2007.

Purpose of the Proposal and Its Anticipated Effects, Including Any Changes in Existing Rules: To correct an inadvertent omission of an amendment in subsection 9 commercial amusement games. Class A fees will be increased from \$301/\$137 to \$310/\$143 effective June 30, 2007 [2007]. The first fee reflects the cost of an initial application. The second, lower, fee is paid when renewing or applying for additional licenses. Before the fee was increased, the difference between \$301/\$137 was \$164. Fees were increased to \$310/\$143, the difference between these two fees is now \$167. It is contradictory to leave \$164, as the amount is really \$167. This filing corrects this inadvertent omission of updating \$164 to \$167.

Reasons Supporting Proposal: To correct an inadvertent omission on a previous filing.

Statutory Authority for Adoption: RCW 9.46.070.

Statute Being Implemented: Not applicable.

Name of Proponent: Washington state gambling commission, governmental.

Name of Agency Personnel Responsible for Drafting: Susan Arland, Rules Coordinator, Lacey, (360) 486-3466; Implementation: Rick Day, Director, Lacey, (360) 486-3446; and Enforcement: Mark Harris, Assistant Director, Lacey, (360) 486-3579.

February 22, 2007
Susan Arland
Rules Coordinator

AMENDATORY SECTION (Amending Order 466, filed 1/18/07, effective 6/30/07)

WAC 230-04-203 Fees—Commercial stimulant and other business organizations. All persons seeking to operate gambling activities shall submit the following fees to the commission when applying for gambling licenses, permits, miscellaneous changes, inspection services, or when assessed the cost of special investigation procedures by the commission:

LICENSE TYPE	DEFINITION	
1. CARD GAMES		
Class B	Up to five tables of limited card games - hearts, rummy, pitch, pinochle, and/or cribbage (Fee to play charged)	\$ 180
Class C	Tournament only, no more than ten consecutive days per tournament.	
C-5	Up to five tables	\$ 180
C-10	Up to ten tables	\$ 328
C-15	Up to fifteen tables	\$ 546
Class D	General - Up to five tables (No fee to play charged)	\$ 56

LICENSE TYPE	DEFINITION	
Class E	*General (Fee to play charged)	
E-1	One table only	\$ 436
E-2	Up to two tables	\$ 751
E-3	Up to three tables	\$ 1,250
E-4	Up to four tables	\$ 2,506
E-5	Up to five tables	\$ 3,772
Additional tables up to a maximum of fifteen may be authorized for an additional per table fee of \$ 1,092.		
*In addition to the above initial license fee, the commission will assess all applicants/licenses the actual costs that exceed the license fee for conducting the initial investigation and inspection, any follow-up reviews or investigations involved in the approval of activities and schemes.		
Class F	Enhanced card room activities endorsement - Includes alternative fee collections (per hand; pot rake) and use of player-supported jackpot schemes.	
	Annual license fee	\$ 1,642

2. CARD GAMES - HOUSE-BANKED		
	All tables within a card room operating any house-banked card game shall be licensed under this license class.	
	*Annual license fee	\$ 6,582
	Per table fee (up to fifteen tables)	\$ 1,642
*In addition to the above initial license fee, the commission will assess all applicants the actual costs that exceed the license fee for conducting the initial license investigation and premises inspection. Any post licensing follow-up reviews, inspections, internal control evaluations or subsequent phases of operation shall also be charged actual costs. Licensees will be evaluated and charged for these additional authorizations/phases on an individual case by case basis.		

3. COMMERCIAL AMUSEMENT GAMES (Fee based on annual gross gambling receipts)		
* Class A	Premises only	** \$ 310/\$143
Class B	Up to \$ 50,000	\$ 436
Class C	Up to \$ 100,000	\$ 1,122
Class D	Up to \$ 250,000	\$ 2,506
Class E	Up to \$ 500,000	\$ 4,398
Class F	Up to \$ 1,000,000	\$ 7,552
Class G	Over \$ 1,000,000	\$ 9,448
* Allows a business that is qualified under WAC 230-04-138 (1)(f), (g), (h), (i), or (j) to enter into a contract with a class "B" or above commercial amusement game licensee to locate and operate amusement games upon their premises.		
** Provides for a fee reduction of ((\$164) \$ 167) when: Renewing an annual license; applying for an additional license(s) at the same premises; and/or applying for multiple licenses at the same premises.		

4. PUNCH BOARDS/ PULL-TABS (Fee based on annual gross gambling receipts)		
		VARIANCE*
Class A	Up to \$ 50,000	\$5,000 \$ 596
Class B	Up to \$ 100,000	\$5,000 \$ 1,064
Class C	Up to \$ 200,000	\$10,000 \$ 2,006
Class D	Up to \$ 300,000	\$10,000 \$ 2,920
Class E	Up to \$ 400,000	\$10,000 \$ 3,772
Class F	Up to \$ 500,000	\$10,000 \$ 4,556
Class G	Up to \$ 600,000	\$10,000 \$ 5,280
Class H	Up to \$ 700,000	\$10,000 \$ 5,942

LICENSE TYPE	DEFINITION		
Class I	Up to \$ 800,000	\$10,000	\$ 6,546
Class J	Up to \$ 1,000,000	\$20,000	\$ 7,422
Class K	Up to \$ 1,250,000	\$25,000	\$ 8,238
Class L	Up to \$ 1,500,000	\$25,000	\$ 8,998
Class M	Up to \$ 1,750,000	\$25,000	\$ 9,624
Class N	Up to \$ 2,000,000	\$25,000	\$ 10,194
Class O	Up to \$ 2,500,000	\$30,000	\$ 11,202
Class P	Up to \$ 3,000,000	\$35,000	\$ 11,578
Class Q	Up to \$ 4,000,000	\$40,000	\$ 13,646
Class R	Up to \$ 5,000,000	\$50,000	\$ 15,506
Class S	Up to \$ 6,000,000	\$60,000	\$ 17,574
Class T	Up to \$ 7,000,000	\$70,000	\$ 19,642
Class U	Up to \$ 8,000,000	\$80,000	\$ 21,708
Class V	Over \$ 8,000,000	\$80,000	\$ 23,776

* A licensee will be allowed a one-time variance for each license class without having to upgrade or pay the penalties set forth in WAC 230-04-260: Provided, That a licensee utilizing the variance shall be required to upgrade to the higher license class upon renewal.

5. **PUNCH BOARD AND PULL-TAB SERVICE BUSINESS**

(See WAC 230-04-133)	\$ 224
*Initial application fee	
Additional associate	\$ 140
Renewal	\$ 54

*Includes up to two associates.

6. **DISTRIBUTOR** (Fee based on annual gross sales of gambling related supplies and equipment)

(a) Class A Nonpunch board/pull-tab only	\$ 625
Class B Up to \$ 250,000	\$ 1,250
Class C Up to \$ 500,000	\$ 1,878
Class D Up to \$ 1,000,000	\$ 2,506
Class E Up to \$ 2,500,000	\$ 3,266
Class F Over \$ 2,500,000	\$ 4,020

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification.

(b) **FUND-RAISING EVENT EQUIPMENT DISTRIBUTOR**

Class A Rents or leases equipment for fund-raising event or recreational gaming activity up to 10 times per year.	\$ 247
Class B Rents or leases equipment for fund-raising event or recreational gaming activity more than 10 times per year.	\$ 625

7. **GAMBLING SERVICE SUPPLIER**

(See WAC 230-04-119)	\$ 651
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In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification.

A fee of \$ 136 shall be charged for each new contract initiated by the gambling service supplier.

8. **LINKED BINGO PRIZE PROVIDER**

(See WAC 230-04-126)	\$ 4,184
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9. **MANUFACTURER** (Fee based on annual gross sales of gambling related supplies and equipment)

Class A Pull-tab dispensing devices only	\$ 625
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LICENSE TYPE	DEFINITION	
Class B	Up to \$ 250,000	\$ 1,250
Class C	Up to \$ 500,000	\$ 1,878
Class D	Up to \$ 1,000,000	\$ 2,506
Class E	Up to \$ 2,500,000	\$ 3,266
Class F	Over \$ 2,500,000	\$ 4,020

In addition to the annual fee, the commission will assess all applicants the actual costs incurred in conducting the investigation and inspection necessary for initial certification, quality control inspection for additional activities or product lines, compliance suitability evaluations, and renewal of licenses when travel cost is incurred to complete the investigation.

10. **PERMITS**

AGRICULTURAL FAIR/SPECIAL PROPERTY BINGO		
Class A	One location and event only (See WAC 230-04-191)	\$ 26
Class B	Annual permit for specified different events and locations (See WAC 230-04-193)	\$ 180
RECREATIONAL GAMING ACTIVITY (RGA)	(See WAC 230-02-505 and 230-25-330)	\$ 56
MANUFACTURER'S SPECIAL SALES PERMIT	(See WAC 230-04-115)	*\$ 211

*The two hundred eleven dollar fee is nonrefundable, whether the sales permit is approved or not. In addition, an applicant may be assessed additional fees incurred to process and determine suitability.

11. **CHANGES**

NAME	(See WAC 230-04-310)	\$ 26
LOCATION	(See WAC 230-04-320)	\$ 26
BUSINESS	(Same owners)	\$ 56
CLASSIFICATION	(See WAC 230-04-340)	
LICENSE CLASS	(See WAC 230-04-260) New class fee, less previous fee paid, plus	\$ 26
DUPLICATE LICENSE	(See WAC 230-04-290)	\$ 26
CORPORATE STOCK/LIMITED LIABILITY COMPANY SHARES/UNITS	(See WAC 230-04-360)	\$ 56
LICENSE TRANSFERS	(See WAC 230-04-125 and 230-04-340)	\$ 56

12. **SPECIAL FEES**

INVESTIGATION IDENTIFICATION AND INSPECTION SERVICES STAMPS	(See WAC 230-04-240)	As required
QUALITY CONTROL INSPECTION FEES	(See WAC 230-08-017)	As required
REPLACEMENT OF IDENTIFICATION STAMPS	(See WAC 230-30-030)	As required
EXCEEDING LICENSE CLASS	(See WAC 230-30-017)	\$ 26
REVIEW, INSPECTION AND/OR EVALUATION OF EQUIPMENT, PARAPHERNALIA, SERVICES, OR SCHEMES	(See WAC 230-04-260)	As required
SPECIAL SALES PERMITS	(See WAC 230-12-315)	As required
	(See WAC 230-04-115)	As required

<u>LICENSE TYPE</u>	<u>DEFINITION</u>	
ELECTRONIC CARD		
FACSIMILE TABLE		
IDENTIFICATION	(See WAC 230-08-017)	*\$ 361.51
STAMP	*Annually, for each separate table	
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13. SIX-MONTH		
PAYMENT PLAN	(See WAC 230-04-190)	\$ 26