

# HOUSE BILL REPORT

## HB 1910

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**As Reported by House Committee On:**  
Local Government & Housing

**Title:** An act relating to authorizing existing city and county real estate excise taxes to be expended on municipally owned heavy rail short lines.

**Brief Description:** Authorizing existing city and county real estate excise taxes to be expended on municipally owned heavy rail short lines.

**Sponsors:** Representatives Wallace, Orcutt, Herrera and Moeller.

**Brief History:**

**Committee Activity:**

Local Government & Housing: 2/12/09, 2/16/09 [DP].

**Brief Summary of Bill**

- Allows up to 25 percent of the proceeds collected from a locally-imposed real estate excise tax before December 31, 2008, to be used for municipally owned heavy short line railroads.
- Defines "short line railroads."
- Includes a June 30, 2012 expiration date.

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**HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING**

**Majority Report:** Do pass. Signed by 8 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Cox, Assistant Ranking Minority Member; Miloscia, Springer, White and Williams.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Ericksen and Short.

**Staff:** Ethan Moreno (786-7386)

**Background:**

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

County legislative authorities may impose an excise tax on each sale of real property in unincorporated areas of the county. Similarly, city and town legislative authorities also may impose an excise tax on each sale of real property within their corporate limits. The rate of these real estate excise taxes (REETs) may not exceed 0.25 percent of the selling price. Revenues generated from this tax must be used for financing qualifying capital projects and for housing relocation assistance.

Counties, cities, and towns that fully plan under the Growth Management Act (GMA) may impose an additional REET on each sale of real property that may not exceed 0.25 percent of the selling price. Counties that opted to fully plan under the GMA, and the cities and towns within, may impose the additional REET with voter approval. With some exceptions, revenues generated from this additional REET may only be used for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA.

"Capital project," for purposes of the additional REET, means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including:

- streets;
- street and road lighting systems;
- domestic water systems; and
- planning, construction, reconstruction, repair, rehabilitation or improvement of parks.

The legislative authority of any county, city, or town using revenues from this additional REET must identify in the adopted budget, the capital projects that are funded in whole or in part from the proceeds of the additional REET, and must indicate that the tax is intended to be in addition to other funds that may be reasonably available for such capital projects.

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**Summary of Bill:**

Up to 25 percent of the proceeds collected before December 31, 2008, from the additional REET that may be imposed by counties, cities, and towns that fully plan under the GMA may be used for municipally owned heavy short line railroads. The term "short line railroads" is defined to mean class III railroads as defined by the United States Surface Transportation Board.

The bill expires on June 30, 2012.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) The municipal railroad is an integral part of the economic development plan in Clark County. The infrastructure of the railroad has been heavily used in the last 40 years. In the last two years, taxpayers have financed \$1.4 million for rail infrastructure. Clark County is hoping to expand the use of the rail line, but its infrastructure needs to be upgraded. The most strategic way to use REET proceeds is to invest in hard capital costs. REETs are volatile. This bill will create jobs.

(Opposed) None.

**Persons Testifying:** Fred Abraham, Clark County; and Terri Jeffreys, Washington State Association of Realtors.

**Persons Signed In To Testify But Not Testifying:** None.