

SENATE BILL REPORT

SB 6062

As of April 16, 2009

Title: An act relating to exempting certain foreclosure sales from the real estate excise tax.

Brief Description: Exempting certain foreclosure sales from the real estate excise tax.

Sponsors: Senators Tom, Prentice, McDermott, Fairley, McAuliffe, Kauffman, Jarrett, Marr, Hobbs, Kline, Fraser, Oemig, Keiser, Shin and Kilmer.

Brief History:

Committee Activity: Ways & Means: 2/26/09.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

Background: The real estate excise tax (REET) is imposed on each sale of real property, which includes both the transfer of ownership and the transfer of controlling interests. Real property includes any interest in land or anything affixed to land. The state tax rate is 1.28 percent. Additional local rates are allowed. The combined state and local rate in most areas is 1.78 percent or less. The seller of the property is responsible for paying the REET.

There are several exemptions from the REET. Among them are:

- a transfer or conveyance made pursuant to a deed of trust;
- an order of sale by the court in any mortgage, deed of trust, or lien foreclosure proceeding or upon execution of judgment; and
- a deed in lieu of foreclosure to satisfy a mortgage or deed of trust.

Summary of Bill: The exemption provided for a transfer or conveyance made pursuant to a deed of trust is limited to apply only to the nonjudicial foreclosure of a deed of trust when the transfer or conveyance is to the beneficiary of the deed of trust.

The exemption provided for an order of sale by the court of a mortgage, deed of trust, or lien foreclosure is limited to when the transfer or conveyance is to the judgment creditor who obtained the writ of execution or who initiated the mortgage, deed of trust, or lien foreclosure proceeding.

Appropriation: None.

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.

Fiscal Note: Requested on February 20, 2009.
[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: None.

Persons Testifying: No one.