
Local Government Committee

HB 1598

Brief Description: Concerning county and city additional real estate excise tax authority.

Sponsors: Representatives Springer, Asay, Clibborn, Haler, Eddy, Fitzgibbon and Frockt.

Brief Summary of Bill

- Allows proceeds collected from a locally-imposed real estate excise tax (REET) to be used for maintenance and operation expenditures.
- Removes a provision that requires counties that opted to fully plan under the Growth Management Act (and the cities within) to obtain voter approval before imposing a REET within their jurisdiction.
- Expands the list of capital projects upon which REET proceeds can be used to include recreational facilities, law enforcement facilities, and other specified facilities and projects.

Hearing Date: 2/4/11

Staff: Ethan Moreno (786-7386).

Background:

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 and cities 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 and the cities within that were obligated by population totals to fully plan under the GMA do not need voter approval to impose the additional REET, but counties that opted to

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fully plan under the GMA, and the cities within, may only 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.

Summary of Bill:

Counties and cities that impose an additional REET are authorized to use proceeds from the tax for maintenance and operation expenditures. Specific voter approval requirements are deleted, thus allowing counties that opted to fully plan under the GMA, and the cities within, to impose the additional REET without voter approval.

The definition of "capital project" for purposes of the additional REET, is expanded to include the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of the following:

- recreational facilities;
- law enforcement facilities;
- fire protection facilities;
- trails;
- libraries;
- administrative and/or judicial facilities; and
- river and/or waterway flood control projects.

The expanded definition of "capital project" also permits the acquisition of parks through additional REET proceeds.

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.