

# HOUSE BILL REPORT

## HB 1896

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As Reported By House Committee On:  
Local Government

**Title:** An act relating to the use of real estate excise tax receipts in a county composed entirely of islands with a population of less than fifty thousand.

**Brief Description:** Authorizing counties composed of islands to use the retail excise tax for any capital purpose identified in a capital improvements plan.

**Sponsors:** Representatives Quall, Dorn, Finkbeiner, Grant, Linville and Springer.

**Brief History:**

Reported by House Committee on:  
Local Government, February 25, 1993, DP.

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### HOUSE COMMITTEE ON LOCAL GOVERNMENT

**Majority Report:** Do pass. Signed by 7 members:  
Representatives H. Myers, Chair; Reams, Assistant Ranking  
Minority Member; Dunshee; R. Fisher; Romero; Springer; and  
Van Luven.

**Minority Report:** Do not pass. Signed by 5 members:  
Representatives Bray, Vice Chair; Edmondson, Ranking  
Minority Member; Horn; Rayburn; and Zellinsky.

**Staff:** Steve Lundin (786-7127).

**Background:** Counties, cities, and towns are authorized to impose an excise tax on each sale of real property within their boundaries at a rate of up to .25 percent with the proceeds earmarked for different purposes depending on the population of the county, city, or town.

A county, city or town with a population of 5,000 or more, that plans under the Growth Management Act, may expend proceeds from this excise tax for a list of capital projects. Any other county, city, or town may expend proceeds from this excise tax for "local capital improvements, including those listed in RCW 35.43.040" that cities and towns may construct with special assessments imposed in a local improvement district.

**Summary of Bill:** A county, with a population of less than 50,000 that is composed entirely of islands, and any city located within such a county, may expend receipts from its excise tax on sales of real property for any capital purpose identified in a capital improvements plan.

**Fiscal Note:** Not requested.

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

**Testimony For:** San Juan County needs the flexibility to expend these moneys on additional capital projects. This only applies to San Juan County.

**Testimony Against:** This could be the beginning of widening these potential uses for every county. There was a carefully crafted agreement last year over the potential uses. Really small counties are different than San Juan County.

**Witnesses:** (Pro): Si Stephens, San Juan County Auditor; and Ron Lowen, Director, San Juan County Public Works Department.

(Con): Glen Hudson, Washington Association of Realtors; and Dick Ducharme, Building Industry Association of Washington.