

**SENATE BILL REPORT**

**SB 5042**

**AS REPORTED BY COMMITTEE ON GOVERNMENT OPERATIONS,  
FEBRUARY 12, 1993**

**Brief Description:** Expanding the uses of the excise tax on the sale of real property.

**SPONSORS:** Senators Haugen and Winsley

**SENATE COMMITTEE ON GOVERNMENT OPERATIONS**

**Majority Report:** That Substitute Senate Bill No. 5042 be substituted therefor, and the substitute bill do pass.

Signed by Senators Haugen, Chairman; Drew, Vice Chairman; Loveland, Oke, von Reichbauer, and Winsley.

**Staff:** Eugene Green (786-7405)

**Hearing Dates:** February 9, 1993; February 12, 1993

**BACKGROUND:**

In 1982, all counties, cities, and towns were authorized to impose an excise tax on each sale of real property at a rate not exceeding one-quarter of 1 percent of the selling price. For counties, cities, and towns under 5,000 population that are required or choose to plan under the Growth Management Act or any county, city, or town that does not plan under the Growth Management Act, the revenues from this tax must be used for local capital improvements, including those listed in the city local improvement districts (LID) statute (this has been interpreted as only those improvements listed in the city LID statute). A question has been raised as to whether or not revenues from this tax may be used for the acquisition of real and personal property associated with the improvement.

**SUMMARY:**

It is clarified that counties, cities, and towns under 5,000 population that are planning under the Growth Management Act and any county, city or town not planning under the Growth Management Act may use the revenues from the 1982 one-quarter of 1 percent real estate excise tax for the acquisition of real property associated with a local capital improvement.

**EFFECT OF PROPOSED SUBSTITUTE:**

Any county or city under 6,000 population may expend the revenues from the 1982 real estate excise tax on any capital purpose identified in a capital improvement plan.

It is clarified that counties, cities and towns under 5,000 population that are planning under the Growth Management Act

and any county, city or town not planning under the Growth Management Act may use the revenues from the 1982 real estate excise tax for the acquisition of real or personal property associated with a local capital improvement.

**Appropriation:** none

**Revenue:** none

**Fiscal Note:** none requested

**TESTIMONY FOR:** The bill clarifies intent.

**TESTIMONY AGAINST:** None

**TESTIFIED:** Stan Finkelstein, Association of Washington Cities  
(pro); Glen Hudson, Washington State Association of Realtors  
(con)