
SENATE BILL 6453

State of Washington

55th Legislature

1998 Regular Session

By Senators Kline, Winsley, Wojahn, Thibaudeau, Patterson, Bauer and Kohl; by request of Governor Locke

Read first time 01/19/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to the revenue provisions for low-income housing
2 programs; amending RCW 82.46.010, 82.45.060, 82.45.180, and 84.36.043;
3 adding a new section to chapter 82.45 RCW; creating new sections; and
4 providing an effective date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) Housing is of vital importance to the health, safety, and
8 welfare of the residents of the state;

9 (2) Safe, affordable housing is an essential factor for stabilizing
10 communities;

11 (3) Local governments have a growing need for low-income housing
12 for seniors, the disabled, and other low-income persons; and

13 (4) Reduction in federal support for low-income housing has
14 increased the funding need for low-income housing.

15 In order to help address this funding need, it is the legislature's
16 intent by enacting sections 2 through 5 of this act to provide a tax
17 incentive for the counties and cities to address low-income housing
18 problems.

1 **Sec. 2.** RCW 82.46.010 and 1994 c 272 s 1 are each amended to read
2 as follows:

3 (1) The legislative authority of any county or city shall identify
4 in the adopted budget the low-income housing activities, as defined in
5 subsection (4)(c) of this section, and capital projects ((funded in
6 whole or in part from the proceeds of the tax authorized in this
7 section, and shall indicate that such tax is intended to be in addition
8 to other funds that may be reasonably available for such capital
9 projects.

10 ~~(2) The legislative authority of any county or any city may impose~~
11 ~~an excise tax on each sale of real property in the unincorporated areas~~
12 ~~of the county for the county tax and in the corporate limits of the~~
13 ~~city for the city tax at a rate not exceeding one quarter of one~~
14 ~~percent of the selling price. The revenues from this tax shall be used~~
15 ~~by any city or county with a population of five thousand or less and~~
16 ~~any city or county that does not plan under RCW 36.70A.040 for any~~
17 ~~capital purpose identified in a capital improvements plan and local~~
18 ~~capital improvements, including those listed in RCW 35.43.040.~~

19 ~~After April 30, 1992)), as defined in subsection (7) of this~~
20 ~~section, funded in whole or in part from the proceeds of the tax~~
21 ~~authorized in this section and shall indicate that the tax is intended~~
22 ~~to be in addition to other funds that are reasonably available for the~~
23 ~~capital projects and low-income housing activities.~~

24 (2) The legislative authority of a county or a city may impose an
25 excise tax on each sale of real property, in the unincorporated areas
26 of the county for the county tax and in the corporate limits of the
27 city for the city tax, at a rate not exceeding one-quarter of one
28 percent of the selling price. The revenues from the tax imposed under
29 this subsection shall be used by any city or county with a population
30 of five thousand or less and any city or county that does not plan
31 under RCW 36.70A.040 for any capital purposes identified in a capital
32 improvements plan and local capital improvements, including those
33 listed in RCW 35.43.040.

34 Revenues generated from the tax imposed under this subsection in
35 counties with over five thousand population and cities with over five
36 thousand population that are required or choose to plan under RCW
37 36.70A.040 shall be used solely for financing capital projects
38 specified in a capital facilities plan element of a comprehensive plan
39 and housing relocation assistance under RCW 59.18.440 and 59.18.450.

1 However, revenues (a) pledged by such counties and cities to debt
2 retirement prior to April 30, 1992, may continue to be used for that
3 purpose until the original debt for which the revenues were pledged is
4 retired, or (b) committed prior to April 30, 1992, by such counties or
5 cities to a project may continue to be used for that purpose until the
6 project is completed.

7 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the
8 legislative authority of any county or any city may impose an
9 additional excise tax on each sale of real property in the
10 unincorporated areas of the county for the county tax and in the
11 corporate limits of the city for the city tax at a rate not exceeding
12 one-half of one percent of the selling price.

13 (4)(a) The legislative authority of any county or city may impose
14 an additional excise tax on each sale of real property in that county
15 or city at a rate of thirty-seven one-thousandths of one percent of the
16 selling price, but any county imposing the tax shall provide a credit
17 against the county tax for the full amount of any city tax imposed upon
18 the same taxable event. The legislative authority of the county or
19 city imposing the tax must communicate in writing to the department of
20 revenue and county treasurer before the effective date of the tax that
21 this tax has been imposed before the department of revenue or county
22 official may collect this tax.

23 (b) Revenues generated from the additional excise tax imposed under
24 this subsection shall only be used for low-income housing activities.

25 (c) For the purposes of this section:

26 (i) "Low-income housing activities" include planning, building,
27 maintaining, improving, or restoring publicly owned low-income housing,
28 granting funds to nonprofit organizations for low-income housing,
29 granting funds for the benefit of residents of low-income housing in
30 the form of rent subsidies, and other financial aid or grants to
31 individuals or organizations provided the amounts are dedicated solely
32 to the planning, building, improvement, restoration, maintenance, or
33 provision of low-income housing;

34 (ii) "Low-income housing" means housing provided for low-income
35 households; and

36 (iii) "Low-income household" means a single person, family, or
37 unrelated persons living together whose income is at or below fifty
38 percent of the median income, adjusted for household size, in the
39 county where the low-income housing is located.

1 (d) Authority to impose this additional real estate excise tax
2 takes effect July 1, 1998.

3 (5) Taxes imposed under this section shall be collected from
4 persons who are taxable by the state under chapter 82.45 RCW upon the
5 occurrence of any taxable event within the unincorporated areas of the
6 county or within the corporate limits of the city, as the case may be.

7 ~~((+5))~~ (6) Taxes imposed under this section shall comply with all
8 applicable rules, regulations, laws, and court decisions regarding real
9 estate excise taxes as imposed by the state under chapter 82.45 RCW.

10 ~~((+6))~~ (7) As used in this section, "city" means any city or town
11 and "capital project" means those public works projects of a local
12 government for planning, acquisition, construction, reconstruction,
13 repair, replacement, rehabilitation, or improvement of streets; roads;
14 highways; sidewalks; street and road lighting systems; traffic signals;
15 bridges; domestic water systems; storm and sanitary sewer systems;
16 parks; recreational facilities; law enforcement facilities; fire
17 protection facilities; trails; libraries; administrative and/or
18 judicial facilities; and river and/or waterway flood control projects
19 by those jurisdictions that, prior to June 11, 1992, have expended
20 funds derived from the tax authorized by this section for such
21 purposes~~((; and, until December 31, 1995, housing projects for those~~
22 ~~jurisdictions that, prior to June 11, 1992, have expended or committed~~
23 ~~to expend funds derived from the tax authorized by this section or the~~
24 ~~tax authorized by RCW 82.46.035 for such purposes))~~.

25 NEW SECTION. Sec. 3. A new section is added to chapter 82.45 RCW
26 to read as follows:

27 The amount of the additional excise taxes paid to any county or
28 city upon the sale of real property under RCW 82.46.010(4) shall be
29 allowed as a credit against any tax imposed by the state upon the sale
30 of real property under this section. This credit shall be effective
31 from July 1, 1998, until the date the additional excise tax under RCW
32 82.46.010(4) is repealed.

33 Sec. 4. RCW 82.45.060 and 1987 c 472 s 14 are each amended to read
34 as follows:

35 ~~((+1))~~ There is imposed an excise tax upon each sale of real
36 property at the rate of one and twenty-eight one-hundredths percent of
37 the selling price. An amount equal to seven and seven-tenths percent

1 of the proceeds of this tax to the state treasurer shall be deposited
2 in the public works assistance account created in RCW 43.155.050,
3 without regard to the credit authorized under section 3 of this act.

4 ~~((2) There is imposed an additional excise tax through June 30,~~
5 ~~1989, upon each sale of real property at the rate of six one hundredths~~
6 ~~of one percent of the selling price. The tax imposed under this~~
7 ~~subsection shall be deposited in the conservation area account under~~
8 ~~RCW 79.71.110.))~~

9 **Sec. 5.** RCW 82.45.180 and 1993 sp.s. c 25 s 510 are each amended
10 to read as follows:

11 (1) For taxes collected by the county under this chapter, the
12 county treasurer shall collect a two-dollar fee on all transactions
13 required by this chapter where the transaction does not require the
14 payment of tax. The county treasurer shall place one percent of the
15 proceeds of the tax imposed by this chapter, reduced by the credit
16 authorized under section 3 of this act, and the treasurer's fee in the
17 county current expense fund to defray costs of collection and shall pay
18 over to the state treasurer and account to the department of revenue
19 for the remainder of the proceeds at the same time the county treasurer
20 remits funds to the state under RCW 84.56.280. Except for the tax
21 proceeds required to be deposited in the public works assistance
22 account under RCW 82.45.060, the state treasurer shall deposit the
23 proceeds in the general fund for the support of the common schools.

24 (2) For taxes collected by the department of revenue under this
25 chapter, the department shall remit the tax to the state treasurer who
26 shall deposit the proceeds of any state tax in the general fund for the
27 support of the common schools except for those tax proceeds required to
28 be deposited in the public works assistance account under RCW
29 82.45.060. The state treasurer shall deposit the proceeds of any local
30 taxes imposed under chapter 82.46 RCW in the local real estate excise
31 tax account hereby created in the state treasury. Moneys in the local
32 real estate excise tax account may ~~((be spent))~~ only ~~((for~~
33 ~~distribution))~~ be distributed to counties, cities, and towns imposing
34 a tax under chapter 82.46 RCW. Except as provided in RCW 43.08.190,
35 all earnings of investments of balances in the local real estate excise
36 tax account shall be credited to the local real estate excise tax
37 account and distributed to the counties, cities, and towns monthly.
38 Monthly the state treasurer shall make distribution from the local real

1 estate excise tax account to the counties, cities, and towns the amount
2 of tax collected on behalf of each taxing authority. The state
3 treasurer shall make the distribution under this subsection without
4 appropriation.

5 **Sec. 6.** RCW 84.36.043 and 1991 c 198 s 1 are each amended to read
6 as follows:

7 (1) The real and personal property used by a nonprofit organization
8 in providing emergency or transitional housing for low-income homeless
9 persons as defined in RCW 35.21.685 or 36.32.415 or victims of domestic
10 violence who are homeless for personal safety reasons is exempt from
11 taxation if:

12 (a) The charge, if any, for the housing does not exceed the actual
13 cost of operating and maintaining the housing; and

14 (b)(i) The property is owned by the nonprofit organization; or

15 (ii) (~~For taxes levied for collection in 1991 through 1999 only,~~)
16 If the property is rented or leased by the nonprofit organization and
17 the benefit of the exemption inures to the nonprofit organization.

18 (2) As used in this section:

19 (a) "Homeless" means persons, including families, who, on one
20 particular day or night, do not have decent and safe shelter nor
21 sufficient funds to purchase or rent a place to stay.

22 (b) "Emergency housing" means a project that provides housing and
23 supportive services to homeless persons or families for up to sixty
24 days.

25 (c) "Transitional housing" means a project that provides housing
26 and supportive services to homeless persons or families for up to two
27 years and that has as its purpose facilitating the movement of homeless
28 persons and families into independent living.

29 (3) This exemption is subject to the administrative provisions
30 contained in RCW 84.36.800 through 84.36.865.

31 NEW SECTION. **Sec. 7.** Section 6 of this act applies to property
32 taxes levied for collection in 2000 and thereafter.

33 NEW SECTION. **Sec. 8.** Sections 1 through 5 of this act take effect
34 July 1, 1998.

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