

Finance Committee

PSHB 1972

Brief Description: *Authorizing a local option real estate excise tax for affordable housing purposes.*

Sponsors: *Representatives Quall, Morris, Wood and McIntire.*

Brief Summary of Proposed Substitute Bill

- *The eligible purposes for the proceeds of the one percent county real estate excise tax for conservation areas is expanded to include the development of affordable housing and of certain public works projects.*

Hearing Date: *2/20/01*

Staff: *Mark Matteson (786-7145).*

Background:

The real estate excise tax (REET) is imposed on each sale of real property. A sale is defined as any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property.

The state REET rate is 1.28 percent of the selling price. Additional local rates are authorized, including a 0.25 percent rate for street, water, sewer and park-related public works projects specified in a city or county's comprehensive plan. An additional one percent rate is authorized for counties to acquire and maintain conservation areas. No REET is dedicated specifically to affordable housing.

Many cities and counties have imposed the 0.25 percent REET for capital projects specified in a city or county comprehensive plan; the counties include Clark, Island, Jefferson, King, Kitsap, Snohomish, Spokane, and Thurston. San Juan County is the only county to have imposed the one percent REET for the acquisition and maintenance of conservation areas.

Summary of Proposed Substitute Bill:

The eligible uses for the optional one percent county real estate excise tax for the acquisition and maintenance of conservation areas are expanded. Proceeds may be used for the development of affordable housing, including acquiring, building, rehabilitating, maintaining and operating housing for persons with very low, low, or moderate incomes and for persons with special needs. Proceeds may also be used for public works projects that are eligible under the 0.25 percent REET for capital projects specified in a city or county comprehensive plan.

Appropriation: *None.*

Fiscal Note: *Requested on February 19, 2001.*

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