

FINAL BILL REPORT

2SHB 1240

C 480 L 05

Synopsis as Enacted

Brief Description: Funding the development of an automated system to process real estate excise taxes.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Kessler and DeBolt).

House Committee on Local Government
House Committee on Finance

Background:

The state imposes an excise tax of 1.28 percent on each sale of real property. The tax is usually collected by the treasurer of the county within which the property is located, or in some circumstances by the Department of Revenue. Both the buyer and the seller are required to sign a real estate excise tax (REET) affidavit when a taxable transaction occurs. The affidavit must contain the names and addresses of the buyer and seller, a legal description of the property, a parcel number, and the property selling price.

The county treasurer remits collections of state REET monies by the 20th of the month following collection. The county places 1 percent of the state REET monies into the county current expense fund to pay for collection of the tax.

Included in the REET statutes are provisions governing the collection of fees for property conveyances in which either no excise taxes are due or the total excise tax is less than \$2. County treasurers are allowed to collect a \$2 fee on all such transactions in order to defray associated transaction costs.

Summary:

The fee a county treasurer collects on state-imposed REET transactions is changed to \$10. Of the \$10 fee, \$5 must be deposited in the county treasurer's REET electronic technology fund. The remaining \$5 must be remitted to the State Treasurer for deposit in a newly created, statewide REET Electronic Technology Account (State Account). An appropriation is not required for expenditure from the State Account.

The State Treasurer must distribute the monies in the State Account to county treasurers each month. Three-quarters of the money must be equally distributed among all counties, and the rest must be distributed to each county on a pro rata basis based on a county's population.

The money received by the county treasurer must be used exclusively for the development and implementation of an electronic processing and reporting system for REET affidavits. The two

\$5 technology fees going into the local and state REET electronic technology accounts expire as of June 30, 2010. Any money remaining in local REET electronic technology funds on July 1, 2015, reverts to the county capital improvements fund.

Votes on Final Passage:

House 52 46

Senate 26 22

Effective: July 1, 2005