
Capital Budget Committee

ESSB 6050

Brief Description: Providing financial assistance to cities, towns, and counties.

Sponsors: Senators Parlette, Doumit, Morton and Mulliken.

Brief Summary of Bill

- Reduces the portion of the Real Estate Excise Tax (REET) that is deposited into the Public Works Assistance Account from 7.7 percent to 6.1 percent. Deposits 1.6% of the REET into a new City-County Assistance Account for distribution to cities and counties.
- Directs the Joint Legislative Audit and Review Committee (JLARC) to review the distributions to cities and counties to determine the extent to which the distributions target needs of cities and counties for which the repeal of the Motor Vehicle Excise Tax had the greatest fiscal impact.

Hearing Date:

Staff: Susan Howson (786-7142).

Background:

For the past three biennia, state appropriations have provided financial assistance to counties and cities to mitigate the loss of local revenue following the passage of Initiative 695. For the 2003-05 biennium, the operating budget provides \$14 million to specified cities and counties for this purpose.

A real estate excise tax (REET) is imposed on the sale of real property for state purposes at 1.28 percent of the sale price. Other local REETs are also authorized. Seven and seven tenths of a percent of the state proceeds are deposited in the Public Works Assistance Account (PWAA) to assist local governments with low interest loans for roads and bridges, water and waste water systems, and solid waste and recycling facilities.

Summary of Bill:

The bill reduces the portion of the state REET proceeds deposited in the PWAA from 7.7 percent to 6.1 percent, and deposits 1.6 percent into the new city-county assistance account. The level of funding will be split equally between cities and counties. A separate distribution formula for cities and counties is specified.

The JLARC is directed to review the distributions to cities and counties to determine the extent to which the distributions target needs of cities and counties for which the repeal of the Motor Vehicle Excise Tax had the greatest fiscal impact. The JLARC will report its findings and recommendations to the Legislature by December 31, 2008.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.