

SENATE BILL REPORT

2SHB 1240

As of April 22, 2005

Title: An act relating to real estate excise tax fees and electronic processing of affidavits.

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

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

Brief History: Passed House: 4/20/05, 52-46.

Committee Activity: Ways & Means:

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dean Carlson (786-7305)

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.

A fee of \$2 is collected by the county treasurer on all state-imposed REET transactions. The fee is used to defray costs associated with collecting the REET and processing REET affidavits.

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.

Summary of Bill: 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 account. The remaining \$5 must be remitted to the State Treasurer for deposit in a newly created, statewide REET technology account.

The State Treasurer must distribute the moneys 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 technology accounts expire as of June 30, 2010. Any money remaining in the account on July 1, 2015, reverts to the county capital improvements fund.

Counties are required to pay state REET to the State Treasurer by the last business day of the month.

Appropriation: The sum of \$3.9 million for fiscal year 2006.

Fiscal Note: Requested on April 15, 2005.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2005.