

SENATE BILL REPORT

SB 5281

As Reported By Senate Committee On:
Government Operations & Elections, March 1, 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: Senators Spanel, Hewitt, Fraser and Swecker.

Brief History:

Committee Activity: Government Operations & Elections: 2/22/05, 3/1/05 [DPS, DNP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 5281 be substituted therefor, and the substitute bill do pass.

Signed by Senators Kastama, Chair; Berkey, Vice Chair; Fairley, Haugen, Kline and Pridemore.

Minority Report: Do not pass.

Signed by Senators Roach, Ranking Minority Member; Benton and Mulliken.

Staff: Genevieve Pisarski (786-7488)

Background: Sale of real property in the state is subject to a state real estate excise tax (REET). The REET is usually collected by the county treasurer where the property is located. Both buyer and seller must sign a REET affidavit that attests to the names and addresses of the buyer and seller, legal description of the property, parcel number, and selling price.

County treasurers are authorized to collect a fee on REET transactions to defray the costs of collecting REET and processing REET affidavits.

Summary of Substitute Bill: The fee that a county treasurer collects on real estate transactions that have no REET due is increased from \$2 to \$10. Of this fee, \$5 must be deposited in the county treasurer's REET electronic technology account.

On transactions that have REET due, a county treasurer must collect a new \$5 fee and remit this fee to a REET electronic technology account that is created in the custody of the State Treasurer. The account is not subject to appropriation or allotment requirements. The State Treasurer must distribute the funds in this account each month and exclusively to each county's REET electronic technology fund. Three-quarters of the funds must be equally distributed among all counties, and the rest distributed to each county on a pro rata basis according to population.

All of these REET electronic technology funds must be used only for the development and implementation of an electronic processing and reporting system for REET affidavits, including making the system compatible with systems and procedures used by the Department of Revenue, the County Assessor, and the County Auditor. Any funds not expended by July 1, 2015 revert to the county capital improvements fund.

Each of the two \$5 electronic technology fees expires on June 30, 2010.

The legislature finds that a digital signature satisfies REET affidavit signature requirements.

Substitute Bill Compared to Original Bill: The emergency clause and effective date of July 1, 2005 are removed.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Testimony For: Counties do not have the capability to take advantage of the fact that the Department of Revenue can accept electronic filings. There is a slow and costly process of using paper filings and inputting them, instead of being able to accept, process, and transmit filings electronically. The proposed fee distribution formula would help smaller counties progress along with the larger ones. Realtors are very concerned with any changes to the REET, and support these particular changes, especially expiration and the proposed distribution formula.

Testimony Against: None.

Who Testified: PRO: Rose Bowman, Washington State Association of County Treasurers; Angela Song, Association of Washington Realtors.