
SUBSTITUTE SENATE BILL 5753

State of Washington

61st Legislature

2009 Regular Session

By Senate Financial Institutions, Housing & Insurance (originally sponsored by Senators Berkey, Benton, Hobbs, Sheldon, Marr, and Kline)

READ FIRST TIME 02/25/09.

1 AN ACT Relating to real estate excise tax exemptions to stabilize
2 neighborhoods; adding a new section to chapter 82.45 RCW; adding a new
3 section to chapter 82.46 RCW; creating a new section; and providing an
4 expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that there is a
7 substantial inventory of unsold or foreclosed vacant homes on the
8 market that is driving property values down and destabilizing
9 neighborhoods. These homes also present an opportunity to provide
10 affordable homes to low-income families, addressing some of the unmet
11 need for affordable housing in the state of Washington. The
12 legislature also finds that providing targeted incentives to housing
13 developers will stimulate the sale of these vacant homes to low-income
14 buyers now and stabilize neighborhoods affected by this growing
15 inventory. The legislature intends to provide such incentives through
16 excise tax relief on sales of homes to low-income first-time home
17 buyers.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.45 RCW
2 to read as follows:

3 (1) The definitions in this subsection apply to this section.

4 (a) "Qualifying buyer" means a buyer that meets the criteria of
5 either (a)(i) or (ii) of this subsection.

6 (i) The buyer is a nonprofit organization that is:

7 (A) A tax exempt organization under Title 26 U.S.C. Sec. 501(c)(3)
8 of the federal internal revenue code;

9 (B) Primarily engaged in the business of developing, building, or
10 rehabilitating residential housing units; and

11 (C) Exercising an option to repurchase the qualifying residential
12 housing unit.

13 (ii) The buyer is an individual and his or her spouse or domestic
14 partner:

15 (A) Whose adjusted income is at or below eighty percent of the
16 median family income, adjusted for household size, for the county where
17 the qualifying residential housing unit is located;

18 (B) Who has not owned a home during the preceding three-year
19 period;

20 (C) Who is acquiring the qualifying residential housing unit
21 through a fixed-rate mortgage; and

22 (D) Who has completed a home buyer education seminar.

23 (b) "Qualifying residential housing unit" means a single-family
24 home, condominium, or townhome, including the land upon which the home,
25 condominium, or townhome is located, that is either new or has been
26 foreclosed and is unoccupied due to the foreclosure.

27 (2)(a) A sale of a qualifying residential housing unit to a
28 qualifying buyer is exempt from tax under this chapter, subject to the
29 provisions of this section.

30 (b) The exemption applies only if it is adopted as a resolution or
31 ordinance by a city or county that imposes taxes under chapter 82.46
32 RCW and the qualifying residential housing unit is located in the city
33 or county which has adopted the resolution or ordinance. The exemption
34 authorized under this section takes effect on the first day of the
35 month, but no less than thirty days, following the adoption of the
36 resolution or ordinance.

37 (c) To claim the exemption, a form prescribed by the department
38 must be attached to the affidavit required under RCW 82.45.150, on

1 which form the Washington state housing finance commission or a housing
2 counseling agency certified by the department of housing and urban
3 development certifies that under subsection (1) of this section the
4 residential unit is a qualifying residential housing unit and the buyer
5 is a qualifying buyer. The commission or agency must also transmit a
6 copy of the form directly to the department.

7 (3) When the amount of real estate excise taxes exempted under this
8 section exceeds seven hundred fifty thousand dollars in any fiscal
9 year, the department must contact all county treasurers to notify them
10 that the exemption authorized under this section is disallowed for real
11 estate sales occurring on or after the first day of the second month
12 following the transmittal month to the state treasurer under RCW
13 82.45.180 where the seven hundred fifty thousand dollar limit was
14 determined by the department to be exceeded. The disallowance of the
15 exemption under this subsection applies for the remainder of the state
16 fiscal year unless the effective date of the disallowance occurs in the
17 following fiscal year, in which case this subsection does not apply.

18 (4) An exemption may not be claimed under this section for sales
19 occurring on or after January 1, 2013.

20 (5) This section expires July 1, 2013.

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.46 RCW
22 to read as follows:

23 A city or county that imposes taxes under this chapter may by
24 ordinance or resolution adopt the exemption authorized in section 2 of
25 this act in respect to such taxes.

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