FINAL BILL REPORT
HB 1953

C 354 L 11
Synopsis as Enacted

Brief Description: Concerning county and city real estate excise taxes.

Sponsors: Representatives Springer, Asay, Takko, Upthegrove, Haler, Fitzgibbon, Angel, Smith and Sullivan.

House Committee on Ways & Means
Senate Committee on Government Operations, Tribal Relations & Elections

Background:

County legislative authorities may impose an excise tax on each sale of real property in unincorporated areas of the county. Similarly, city and town legislative authorities may impose an excise tax on each sale of real property within their corporate limits. The rate of this real estate excise tax (REET) I may not exceed 0.25 percent of the selling price. Revenues generated from REET I must be used for financing qualifying capital projects and for housing relocation assistance. Revenue from REET I may not supplant other funds reasonably available for these capital projects. In 2010 134 cities and 20 counties imposed REET I.

Counties, cities, and towns that are required to fully plan under the Growth Management Act (GMA) may impose an additional REET on each sale of real property. The tax rate may not exceed 0.25 percent of the selling price (REET II). Counties, cities, and towns that have opted, but are not required, to fully plan under the GMA may impose REET II with voter approval. With some exceptions, revenues generated from REET II may only be used for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA. Furthermore, revenue from REET II may not supplant other funds reasonably available for these capital projects. In 2010 132 cities and 19 counties imposed REET II.

Capital projects that may be funded by REET I and REET II revenues include streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and parks. Additional eligible uses of REET I funds include recreational facilities, law enforcement facilities, fire protection facilities, trails, libraries, judicial facilities, and flood control projects.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Summary:

Each year through calendar year 2016, a city, town, and county may use the greater of $100,000 or 35 percent of real estate excise tax (REET) I revenues, but not exceeding $1 million, to pay for the maintenance and operation expenditures of existing capital facilities.

Each year through calendar year 2016, a city, town, and county may use the greater of $100,000 or 35 percent of REET II revenues, but not exceeding $1 million, to pay for the maintenance and operation expenditures of existing capital facilities. Additionally, counties may use REET II revenues for the payment of existing debt service on any capital project authorized under REET I. The use of revenues for payment of existing debt service is subject to the same fiscal limitations as REET revenues used for maintenance and operation expenditures.

Votes on Final Passage:

House	79	18
Senate	28	20

Effective: July 22, 2011
June 30, 2012 (Section 3)