

SENATE BILL REPORT

SB 6557

As of February 4, 2012

Title: An act relating to directing existing real estate excise taxes to the general fund.

Brief Description: Directing existing real estate excise taxes to the general fund.

Sponsors: Senator Zarelli.

Brief History:

Committee Activity: Ways & Means: 2/02/12.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: The state imposes a real estate excise tax on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase at a rate of 1.28 percent. The proceeds from the tax are deposited as follows: 6.1 percent into the Public Works Assistance Account (PWAA); 1.6 percent into the City-County Assistance Account; and the remainder into the state General Fund.

Summary of Bill: The 6.1 percent of revenues deposited into the PWAA must instead be deposited into the state General Fund.

Appropriation: None.

Fiscal Note: Requested on January 31, 2012.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: Dedicating general fund revenues provides less transparency. A piece of the state's real estate excise tax (REET) revenues were dedicated to start up the PWAA. PWAA resources have started growing on their own. Now is the time to redirect these monies into the state General Fund, helping our ability to pay for debt and services. Undedicating general revenues is a reasonable proposal at this time.

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.

CON: PWAA has helped provide resources for vital infrastructure to support counties. It provides workforce training. Public works funding can help economic recovery. PWAA helps improve overlooked infrastructure, like the provision of safe drinking water and sewer service. PWAA is a successful model that generates additional resources and is reinvested. PWAA revenues are in high demand, with too many projects for available funds. There has been growth in the fund, but not commensurate with need. It is a priority of the cities to keep PWAA intact. We recognize the need to balance the state's operating budget needs, but oppose undedicating these REET revenues.

Persons Testifying: PRO: Senator Zarelli, prime sponsor. CON: David Meyers, Washington State Building Trades; Scott Hazelgrove, Washington Association of Sewer and Water Districts; Ashley Probart, Association of Washington Cities; Bill Clarke, Washington Realtors and PUD Associations.