
HOUSE BILL 2122

State of Washington

64th Legislature

2015 Regular Session

By Representatives McBride, Nealey, Peterson, Fey, Muri, Ryu, Walsh, and Springer

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1 AN ACT Relating to real estate as it concerns the local
2 government authority in the use of real estate excise tax revenues
3 and regulating real estate transactions; amending RCW 82.46.010,
4 82.46.035, 43.110.030, 35.21.698, and 36.01.240; and adding a new
5 section to chapter 64.06 RCW.

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

7 **Sec. 1.** RCW 82.46.010 and 2014 c 44 s 1 are each amended to read
8 as follows:

9 (1) The legislative authority of any county or city must identify
10 in the adopted budget the capital projects funded in whole or in part
11 from the proceeds of the tax authorized in this section, and must
12 indicate that such tax is intended to be in addition to other funds
13 that may be reasonably available for such capital projects.

14 (2)(a) The legislative authority of any county or any city may
15 impose an excise tax on each sale of real property in the
16 unincorporated areas of the county for the county tax and in the
17 corporate limits of the city for the city tax at a rate not exceeding
18 one-quarter of one percent of the selling price. The revenues from
19 this tax must be used by any city or county with a population of five
20 thousand or less and any city or county that does not plan under RCW
21 36.70A.040 for any capital purpose identified in a capital

1 improvements plan and local capital improvements, including those
2 listed in RCW 35.43.040. If a city or county has adequate funds
3 available during the six-year period following the initial receipt of
4 funds under this subsection (2)(a) for the planning, acquisition,
5 construction, reconstruction, repair, replacement, rehabilitation, or
6 improvement of capital projects and identified in a capital
7 improvements plan or equivalent plan, the city or county may use the
8 greater of one hundred thousand dollars or twenty-five percent of
9 available funds under this section, but not to exceed one million
10 dollars per year, for the maintenance of capital projects.

11 (b) After April 30, 1992, revenues generated from the tax imposed
12 under this subsection (2) in counties over five thousand population
13 and cities over five thousand population that are required or choose
14 to plan under RCW 36.70A.040 must be used solely for financing
15 capital projects specified in a capital facilities plan element of a
16 comprehensive plan and housing relocation assistance under RCW
17 59.18.440 and 59.18.450. However, revenues (i) pledged by such
18 counties and cities to debt retirement prior to April 30, 1992, may
19 continue to be used for that purpose until the original debt for
20 which the revenues were pledged is retired, or (ii) committed prior
21 to April 30, 1992, by such counties or cities to a project may
22 continue to be used for that purpose until the project is completed.
23 If a city or county has adequate funds available during the six-year
24 period following the initial receipt of funds under this subsection
25 (2)(b) for the planning, acquisition, construction, reconstruction,
26 repair, replacement, rehabilitation, or improvement of capital
27 projects and identified in the capital facilities plan required under
28 RCW 36.70A.070(3), the city or county may use the greater of one
29 hundred thousand dollars or twenty-five percent of available funds
30 under this section, but not to exceed one million dollars per year,
31 for the maintenance of capital projects.

32 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2),
33 the legislative authority of any county or any city may impose an
34 additional excise tax on each sale of real property in the
35 unincorporated areas of the county for the county tax and in the
36 corporate limits of the city for the city tax at a rate not exceeding
37 one-half of one percent of the selling price.

38 (4) Taxes imposed under this section must be collected from
39 persons who are taxable by the state under chapter 82.45 RCW upon the
40 occurrence of any taxable event within the unincorporated areas of

1 the county or within the corporate limits of the city, as the case
2 may be.

3 (5) Taxes imposed under this section must comply with all
4 applicable rules, regulations, laws, and court decisions regarding
5 real estate excise taxes as imposed by the state under chapter 82.45
6 RCW.

7 (6) As used in this section, "city" means any city or town and
8 "capital project" means those public works projects of a local
9 government for planning, acquisition, construction, reconstruction,
10 repair, replacement, rehabilitation, or improvement of streets;
11 roads; highways; sidewalks; street and road lighting systems; traffic
12 signals; bridges; domestic water systems; storm and sanitary sewer
13 systems; parks; recreational facilities; law enforcement facilities;
14 fire protection facilities; trails; libraries; administrative
15 ~~((and/or))~~ facilities; judicial facilities; river ~~((and/or))~~ flood
16 control projects; or waterway flood control projects by those
17 jurisdictions that, prior to June 11, 1992, have expended funds
18 derived from the tax authorized by this section for such purposes;
19 ~~((and))~~, until December 31, 1995, housing projects for those
20 jurisdictions that, prior to June 11, 1992, have expended or
21 committed to expend funds derived from the tax authorized by this
22 section or the tax authorized by RCW 82.46.035 for such purposes; and
23 technology infrastructure that is integral to the capital project.

24 ~~((7) From July 22, 2011, until December 31, 2016, a city or
25 county may use the greater of one hundred thousand dollars or thirty-
26 five percent of available funds under this section, but not to exceed
27 one million dollars per year, for the operations and maintenance of
28 existing capital projects as defined in subsection (6) of this
29 section.))~~

30 **Sec. 2.** RCW 82.46.035 and 2011 c 354 s 3 are each amended to
31 read as follows:

32 (1) The legislative authority of any county or city must identify
33 in the adopted budget the capital projects funded in whole or in part
34 from the proceeds of the tax authorized in this section, and must
35 indicate that such tax is intended to be in addition to other funds
36 that may be reasonably available for such capital projects.

37 (2) The legislative authority of any county or any city that
38 plans under RCW 36.70A.040(1) may impose an additional excise tax on
39 each sale of real property in the unincorporated areas of the county

1 for the county tax and in the corporate limits of the city for the
2 city tax at a rate not exceeding one-quarter of one percent of the
3 selling price. Any county choosing to plan under RCW 36.70A.040(2)
4 and any city within such a county may only adopt an ordinance
5 imposing the excise tax authorized by this section if the ordinance
6 is first authorized by a proposition approved by a majority of the
7 voters of the taxing district voting on the proposition at a general
8 election held within the district or at a special election within the
9 taxing district called by the district for the purpose of submitting
10 such proposition to the voters.

11 (3) Revenues generated from the tax imposed under subsection (2)
12 of this section must be used by such counties and cities solely for
13 financing capital projects specified in a capital facilities plan
14 element of a comprehensive plan. However, revenues (a) pledged by
15 such counties and cities to debt retirement prior to March 1, 1992,
16 may continue to be used for that purpose until the original debt for
17 which the revenues were pledged is retired, or (b) committed prior to
18 March 1, 1992, by such counties or cities to a project may continue
19 to be used for that purpose until the project is completed. If a city
20 or county has adequate funds available during the six-year period
21 following the initial receipt of funds under this subsection for the
22 planning, acquisition, construction, reconstruction, repair,
23 replacement, rehabilitation, or improvement of capital projects as
24 defined in subsection (5) of this section and identified in the
25 capital facilities plan required under RCW 36.70A.070(3), it may use
26 the greater of one hundred thousand dollars or twenty-five percent of
27 available funds under this section, but not to exceed one million
28 dollars per year, for the planning, acquisition, construction,
29 reconstruction, repair, replacement, rehabilitation, improvement, or
30 maintenance of capital projects as defined in RCW 82.46.010.

31 (4) Revenues generated by the tax imposed by this section must be
32 deposited in a separate account.

33 (5) ~~((As used in this section,))~~ The definitions in this
34 subsection apply throughout this section unless the context clearly
35 requires otherwise.

36 (a) "City" means any city or town ~~((and))~~.

37 (b) "Capital project" means those public works projects of a
38 local government for planning, acquisition, construction,
39 reconstruction, repair, replacement, rehabilitation, or improvement
40 of streets, roads, highways, sidewalks, street and road lighting

1 systems, traffic signals, bridges, domestic water systems, storm and
2 sanitary sewer systems, and planning, construction, reconstruction,
3 repair, rehabilitation, or improvement of parks.

4 (6) When the governor files a notice of noncompliance under RCW
5 36.70A.340 with the secretary of state and the appropriate county or
6 city, the county or city's authority to impose the additional excise
7 tax under this section is temporarily rescinded until the governor
8 files a subsequent notice rescinding the notice of noncompliance.

9 ~~((7) From June 30, 2012, until December 31, 2016, a city or
10 county may use the greater of one hundred thousand dollars or thirty-
11 five percent of available funds under this section, but not to exceed
12 one million dollars per year, for operations and maintenance of
13 existing capital projects as defined in subsection (5) of this
14 section, and counties may use available funds under this section for
15 the payment of existing debt service incurred for capital projects as
16 defined in RCW 82.46.010. If a county uses available funds for
17 payment of existing debt service under RCW 82.46.010, the total
18 amount used for payment of debt service and any amounts used for
19 operations and maintenance is subject to the limits in this
20 subsection.))~~

21 NEW SECTION. **Sec. 3.** A new section is added to chapter 64.06
22 RCW to read as follows:

23 Beginning on the effective date of this section, any real estate
24 seller disclosure requirement adopted by a local government is
25 effective only after the seller disclosure requirement is posted
26 electronically by the municipal research service center established
27 under RCW 43.110.030. Any local government seller disclosure
28 requirement adopted prior to the effective date of this section must
29 be posted electronically by the municipal research center within
30 ninety days of the effective date of this section.

31 **Sec. 4.** RCW 43.110.030 and 2012 2nd sp.s. c 5 s 5 are each
32 amended to read as follows:

33 (1) The department of commerce must contract for the provision of
34 municipal research and services to cities, towns, and counties.
35 Contracts for municipal research and services must be made with state
36 agencies, educational institutions, or private consulting firms, that
37 in the judgment of the department are qualified to provide such
38 research and services. Contracts for staff support may be made with

1 state agencies, educational institutions, or private consulting firms
2 that in the judgment of the department are qualified to provide such
3 support.

4 (2) Municipal research and services consists of:

5 (a) Studying and researching city, town, and county government
6 and issues relating to city, town, and county government;

7 (b) Acquiring, preparing, and distributing publications related
8 to city, town, and county government and issues relating to city,
9 town, and county government;

10 (c) Providing educational conferences relating to city, town, and
11 county government and issues relating to city, town, and county
12 government; and

13 (d) Furnishing legal, technical, consultative, and field services
14 to cities, towns, and counties concerning planning, public health,
15 utility services, fire protection, law enforcement, public works, and
16 other issues relating to city, town, and county government.

17 (3) Requests for legal services by county officials must be sent
18 to the office of the county prosecuting attorney. Responses by the
19 department of commerce to county requests for legal services must be
20 provided to the requesting official and the county prosecuting
21 attorney.

22 (4) The department of commerce must coordinate with the
23 association of Washington cities and the Washington state association
24 of counties in carrying out the activities in this section.

25 (5) The web site used for the provision of municipal research and
26 services shall include a specific section listing, by jurisdiction,
27 of all real estate seller disclosure requirements adopted by local
28 governments, as required by chapter 64.06 RCW.

29 **Sec. 5.** RCW 35.21.698 and 2005 c 338 s 2 are each amended to
30 read as follows:

31 (1) A city, town, or governmental entity subject to this title
32 may not regulate the terms, conditions, or disclosures of any lawful
33 financial transaction between a consumer and ~~((+1))~~ (a) a business
34 or professional under the jurisdiction of the department of financial
35 institutions, or ~~((+2))~~ (b) any financial institution as defined
36 under RCW ~~((30.22.041))~~ 30A.22.041.

37 (2) A city, town, or governmental entity subject to this title
38 may not regulate the terms or conditions or otherwise impose
39 requirements on the listing or sale of real property, unless the

1 local requirement is a seller disclosure requirement consistent with
2 RCW 82.46.010, or unless the local government regulation is
3 specifically authorized by state or federal law.

4 **Sec. 6.** RCW 36.01.240 and 2005 c 338 s 4 are each amended to
5 read as follows:

6 (1) A county or governmental entity subject to this title may not
7 regulate the terms, conditions, or disclosures of any lawful
8 financial transaction between a consumer and (1) a business or
9 professional under the jurisdiction of the department of financial
10 institutions, or (2) any financial institution as defined under RCW
11 ((30.22.041)) 30A.22.041.

12 (2) A county or governmental entity subject to this title may not
13 regulate the terms or conditions or otherwise impose requirements on
14 the listing or sale of real property, unless the local requirement is
15 a seller disclosure requirement consistent with RCW 82.46.010, or
16 unless the local government regulation is specifically authorized by
17 state or federal law.

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