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**SUBSTITUTE SENATE BILL 5585**

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**State of Washington**

**64th Legislature**

**2015 Regular Session**

**By** Senate Government Operations & Security (originally sponsored by Senators Dansel, Mullet, and Braun)

READ FIRST TIME 02/20/15.

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. A city located within a county that  
11 has adopted a resolution under RCW 36.70A.040(2)(b) to remove the  
12 county and cities located within the county from the obligation to  
13 plan under RCW 36.70A.040 may continue to impose and collect the  
14 excise tax authorized under this section.

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

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

37 (5) ~~((As used in this section,))~~ The definitions in this  
38 subsection apply throughout this section unless the context clearly  
39 requires otherwise.

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

1       **(b)** "Capital project" means those public works projects of a  
2 local government for planning, acquisition, construction,  
3 reconstruction, repair, replacement, rehabilitation, or improvement  
4 of streets, roads, highways, sidewalks, street and road lighting  
5 systems, traffic signals, bridges, domestic water systems, storm and  
6 sanitary sewer systems, and planning, construction, reconstruction,  
7 repair, rehabilitation, or improvement of parks.

8       (6) When the governor files a notice of noncompliance under RCW  
9 36.70A.340 with the secretary of state and the appropriate county or  
10 city, the county or city's authority to impose the additional excise  
11 tax under this section is temporarily rescinded until the governor  
12 files a subsequent notice rescinding the notice of noncompliance.

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

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

27       Beginning on the effective date of this section, any real estate  
28 seller disclosure requirement adopted by a local government is  
29 effective only after the seller disclosure requirement is posted  
30 electronically by the municipal research and services center  
31 established under RCW 43.110.030. Any local government seller  
32 disclosure requirement adopted prior to the effective date of this  
33 section must be posted electronically by the municipal research and  
34 services center within ninety days of the effective date of this  
35 section.

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

1 (1) The department of commerce must contract for the provision of  
2 municipal research and services to cities, towns, and counties.  
3 Contracts for municipal research and services must be made with state  
4 agencies, educational institutions, or private consulting firms, that  
5 in the judgment of the department are qualified to provide such  
6 research and services. Contracts for staff support may be made with  
7 state agencies, educational institutions, or private consulting firms  
8 that in the judgment of the department are qualified to provide such  
9 support.

10 (2) Municipal research and services consists of:

11 (a) Studying and researching city, town, and county government  
12 and issues relating to city, town, and county government;

13 (b) Acquiring, preparing, and distributing publications related  
14 to city, town, and county government and issues relating to city,  
15 town, and county government;

16 (c) Providing educational conferences relating to city, town, and  
17 county government and issues relating to city, town, and county  
18 government; and

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

23 (3) Requests for legal services by county officials must be sent  
24 to the office of the county prosecuting attorney. Responses by the  
25 department of commerce to county requests for legal services must be  
26 provided to the requesting official and the county prosecuting  
27 attorney.

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

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

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

37 (1) A city, town, or governmental entity subject to this title  
38 may not regulate the terms, conditions, or disclosures of any lawful  
39 financial transaction between a consumer and ~~((1))~~ (a) a business

1 or professional under the jurisdiction of the department of financial  
2 institutions, or ~~((2))~~ (b) any financial institution as defined  
3 under RCW ~~((30.22.041))~~ 30A.22.041.

4 (2) A city, town, or governmental entity subject to this title  
5 may not regulate the terms or conditions or otherwise impose  
6 requirements on the listing or sale of real property, unless the  
7 local requirement is a seller disclosure requirement consistent with  
8 RCW 82.46.010, or unless the local government regulation is  
9 specifically authorized by state or federal law.

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

12 (1) A county or governmental entity subject to this title may not  
13 regulate the terms, conditions, or disclosures of any lawful  
14 financial transaction between a consumer and (1) a business or  
15 professional under the jurisdiction of the department of financial  
16 institutions, or (2) any financial institution as defined under RCW  
17 ~~((30.22.041))~~ 30A.22.041.

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

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