FINAL BILL REPORT
SHB 2448

C 223 L 18
Synopsis as Enacted

Brief Description: Increasing the availability of housing for developmentally disabled persons.

Sponsors: House Committee on Finance (originally sponsored by Representatives Senn, Tharinger, Chapman, Kilduff, Macri, Robinson, Appleton, Kloba, Pollet, Santos and Tarleton).

House Committee on Finance
Senate Committee on Human Services & Corrections
Senate Committee on Ways & Means

Background:

Real Estate Excise Tax.
The sale of real property is subject to the real estate excise tax (REET). The tax base is the selling price of the real property, without any deduction for mortgages, liens, or other debts. The tax is typically paid by the seller. A transfer of controlling interests in entities that own property in Washington is also subject to the REET. Certain types of real estate conveyances are exempt from REET. These include transfers through the execution of a will, transfers that are part of the dissolution of a marriage or domestic partnership, and mortgages to secure a debt.

The state REET rate is a flat 1.28 percent. Local governments may also impose a REET. Cities and counties are authorized to impose a 0.25 percent REET to finance capital improvements or capital projects specified in a comprehensive plan. A city or county may also impose a 0.5 percent REET for general purposes, so long as the city or county does not impose the optional 0.5 percent retail sales tax. In addition, a county may impose a 1 percent REET to finance the acquisition and maintenance of conservation areas, and a 0.5 percent REET to finance the acquisition, construction, and operation of affordable housing for low- to moderate-income persons or persons with special needs.

Housing Trust Fund.
The Housing Trust Fund makes funds available for affordable housing projects through a competitive application process. Since 1986 the Housing Trust Fund has awarded almost $1 billion in funding.

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:

An exemption to the REET is authorized for the transfer of a residential property by a legal representative of a person with developmental disabilities to a qualified entity that provides residential supported living for persons with developmental disabilities. The adult child of the transferor may live at the residence so long as it is safe and appropriate. A qualified entity includes a nonprofit and nonprofit subsidiary or a nonprofit family home. The transferor must submit an affidavit, as well as any other documentation required by the Department of Revenue, in order to claim the exemption.

The property or a successor property must remain in continuous use as a residence for residential supported living for persons with developmental disabilities for 50 years. If the Department of Social and Health Services determines the property is no longer being used for this purpose, or if the property no longer meets health and safety requirements, the REET based on the value of the property at the time of the original transfer becomes immediately due and must be paid by the nonprofit. The taxes due are not subject to interest, penalties, or fees.

A tax preference performance statement is included and the exemption is subject to the 10-year expiration.

The remodeling and improvements required for legal operations or to meet building code, meet licensing requirements, provide functionality, or legal operations to the transferred residential properties are eligible for Housing Trust Fund monies so long as the organization owning the transferred residential property is eligible under the Housing Trust Fund criteria.

Votes on Final Passage:

House	94	0	
Senate	48	0	(Senate amended)
House	98	0	(House concurred)

Effective: June 7, 2018