

HOUSE BILL REPORT

HB 2933

As Reported by House Committee On: Finance

Title: An act relating to authorizing counties and cities planning under the growth management act to impose certain real estate excise taxes by councilmanic action.

Brief Description: Authorizing counties and cities planning under the growth management act to impose certain real estate excise taxes by councilmanic action.

Sponsors: Representatives Peterson, Nealey and Pollet.

Brief History:

Committee Activity:

Finance: 2/5/18 [DP].

Brief Summary of Bill

- Removes a provision requiring voter approval before a county choosing to plan under the Growth Management Act, and cities within those counties, may impose additional real estate excise taxes.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 8 members: Representatives Lytton, Chair; Frame, Vice Chair; Nealey, Ranking Minority Member; Dolan, Pollet, Springer, Stokesbary and Wylie.

Minority Report: Do not pass. Signed by 3 members: Representatives Orcutt, Assistant Ranking Minority Member; Condotta and Wilcox.

Staff: Serena Dolly (786-7150).

Background:

Growth Management Act Participation.

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.

The Growth Management Act (GMA) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, the GMA establishes numerous requirements for local governments required or choosing to fully plan under the GMA and a reduced number of directives for all other counties and cities.

A county required to fully plan under the GMA is one that either has a population of 50,000 or more and has experienced a population increase of more than 17 percent in the previous 10 years, or has experienced a population increase of more than 20 percent over the previous 10 years, regardless of population.

A county choosing to fully plan under the GMA is one that, not meeting the population requirements described above, has adopted a resolution subjecting itself, and cities located in the county, to the full requirements of the GMA (resolution of intention). Once a resolution of intention is adopted, the county and its cities become subject to all GMA planning requirements.

Eighteen counties are required to plan under the GMA. Another 10 counties have adopted resolutions of intention.

Real Estate Excise Tax.

Counties and cities are authorized to impose two real estate excise taxes (REET) on real property sales.

Real Estate Excise Tax I.

County legislative authorities may impose an excise tax (REET I) on each sale of real property in unincorporated areas of the county. Similarly, city legislative authorities may impose an excise tax on each sale of real property within their corporate limits. The rate of REET I may not exceed 0.25 percent of the selling price. REET I proceeds must be used for allowable capital purposes, which are determined by the size and planning requirements of the county or city.

Real Estate Excise Tax II.

The legislative authorities of counties and cities that are required to plan under the GMA may impose an additional excise tax (REET II) not to exceed a rate of 0.25 percent of the selling price of property. Counties that choose to plan under the GMA, and the cities within those counties, may impose the REET II with voter approval.

With some exceptions, the REET II revenue may be used only for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA. "Capital project," as defined in the REET II provisions, means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including: streets, roads, highways, and sidewalks; street and road lighting systems; storm and sanitary sewer systems; and planning, constructing, reconstructing, repairing, rehabilitating, or improving parks.

Summary of Bill:

The provision requiring voter approval for the REET II in counties choosing to plan under the GMA, and the cities within those counties, is removed.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) None.

(Opposed) None.

Persons Testifying: None.

Persons Signed In To Testify But Not Testifying: None.