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HOUSE BILL 1522

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State of Washington

66th Legislature

2019 Regular Session

By Representatives Stokesbary and Chapman

Read first time 01/23/19. Referred to Committee on Finance.

1 AN ACT Relating to assessing the real estate excise tax on the  
2 percentage of controlling interest transferred in an entity; and  
3 amending RCW 82.45.030.

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

5 **Sec. 1.** RCW 82.45.030 and 2011 c 58 s 15 are each amended to  
6 read as follows:

7 (1) As used in this chapter, the term "selling price" means the  
8 true and fair value of the property conveyed. If property has been  
9 conveyed in an arm's length transaction between unrelated persons for  
10 a valuable consideration, a rebuttable presumption exists that the  
11 selling price is equal to the total consideration paid or contracted  
12 to be paid to the transferor, or to another for the transferor's  
13 benefit.

14 (2) If the sale is a transfer of a controlling interest in an  
15 entity with an interest in real property located in this state, the  
16 selling price (~~shall be~~) is the true and fair value of the real  
17 property owned by the entity and located in this state multiplied by  
18 the percentage of controlling interest transferred in the sale. If  
19 the true and fair value of the real property located in this state  
20 cannot reasonably be determined, the selling price (~~shall~~) must be  
21 determined according to subsection (4) of this section.

1       (3) (a) As used in this section, "total consideration paid or  
2 contracted to be paid" includes money or anything of value, paid or  
3 delivered or contracted to be paid or delivered in return for the  
4 sale, and (~~shall~~) must include the amount of any lien, mortgage,  
5 contract indebtedness, or other incumbrance, either given to secure  
6 the purchase price, or any part thereof, or remaining unpaid on such  
7 property at the time of sale.

8       (b) Total consideration (~~shall~~) does not include the amount of  
9 any outstanding lien or incumbrance in favor of the United States,  
10 the state, or a municipal corporation for taxes, special benefits, or  
11 improvements.

12       (c) When a transfer or conveyance is made by deed in lieu of  
13 foreclosure to satisfy a deed of trust, total consideration (~~shall~~)  
14 may not include the amount of any relocation assistance provided to  
15 the transferor.

16       (4) If the total consideration for the sale cannot be ascertained  
17 or the true and fair value of the property to be valued at the time  
18 of the sale cannot reasonably be determined, the market value  
19 assessment for the property maintained on the county property tax  
20 rolls at the time of the sale (~~shall~~) must be used as the selling  
21 price.

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