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**HOUSE BILL 2921**

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**State of Washington**

**66th Legislature**

**2020 Regular Session**

**By** Representatives Vick, Hoff, Gildon, and Barkis

Read first time 02/04/20. Referred to Committee on Finance.

1 AN ACT Relating to reducing the real estate excise tax for  
2 undeveloped land; amending RCW 82.45.060; and creating a new section.

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

4 **Sec. 1.** RCW 82.45.060 and 2019 c 424 s 1 are each amended to  
5 read as follows:

6 (1) There is imposed an excise tax upon each sale of real  
7 property.

8 (a) Through December 31, 2019, the rate of the tax imposed under  
9 this section is 1.28 percent of the selling price.

10 (b) Beginning January 1, 2020, except as provided in (c) of this  
11 subsection, the rate of the tax imposed under this section is as  
12 follows:

13 (i) 1.1 percent of the portion of the selling price that is less  
14 than or equal to five hundred thousand dollars;

15 (ii) 1.28 percent of the portion of the selling price that is  
16 greater than five hundred thousand dollars and equal to or less than  
17 one million five hundred thousand dollars;

18 (iii) 2.75 percent of the portion of the selling price that is  
19 greater than one million five hundred thousand dollars and equal to  
20 or less than three million dollars;

1 (iv) Three percent of the portion of the selling price that is  
2 greater than three million dollars.

3 (c) The sale of real property that is classified as timberland or  
4 agricultural land is subject to the tax imposed under this section at  
5 a rate of 1.28 percent of the selling price.

6 (d) For the sale of real property that is classified as  
7 undeveloped land, the rate of the tax imposed under this section is  
8 as follows:

9 (i) 1.1 percent of the portion of the selling price that is less  
10 than or equal to five hundred thousand dollars;

11 (ii) 1.28 percent of the portion of the selling price that is  
12 greater than five hundred thousand dollars.

13 (2) Beginning July 1, 2022, and every fourth year thereafter:

14 (a) The department must adjust the selling price threshold in  
15 subsection (1)(b)(i) and (d)(i) of this section to reflect the lesser  
16 of the growth of the consumer price index for shelter or five  
17 percent. If the growth is equal to or less than zero percent, the  
18 current selling price threshold continues to apply.

19 (b) The department must adjust the selling price thresholds in  
20 subsection (1)(b)(ii) through (iv) of this section by the dollar  
21 amount of any increase in the selling price threshold in subsection  
22 (1)(b)(i) of this section.

23 (c) The department must adjust the selling price threshold in  
24 subsection (1)(d)(ii) of this section by the dollar amount of any  
25 increase in the selling price threshold in subsection (1)(d)(i) of  
26 this section.

27 (d) The department must publish updated selling price thresholds  
28 by September 1, 2022, and September 1st of every fourth year  
29 thereafter. Updated selling price thresholds will apply beginning  
30 January 1, 2023, and January 1st every fourth year thereafter.  
31 Adjusted selling price thresholds must be rounded to the nearest one  
32 thousand dollars. No changes may be made to adjusted selling price  
33 thresholds once such adjustments take effect.

34 ~~((d))~~ (e) The most recent selling price threshold becomes the  
35 base for subsequent adjustments.

36 ~~((e))~~ (f) The department must report adjustments to the selling  
37 price thresholds to the fiscal committees of the legislature,  
38 beginning December 1, 2022, and December 1st every fourth year  
39 thereafter.

1 (3) (a) The department must publish guidance to assist sellers in  
2 properly classifying real property on the real estate excise tax  
3 affidavit for purposes of determining the proper amount of tax due  
4 under this section. Real property with multiple uses must be  
5 classified according to the property's predominant use. The  
6 department's guidance must include factors for use in determining the  
7 predominant use of real property.

8 (b) County treasurers are not responsible for verifying that the  
9 seller has properly classified real property reported on a real  
10 estate excise tax affidavit. The department is solely responsible for  
11 such verification as part of its audit responsibilities under RCW  
12 82.45.150.

13 (4) (a) Beginning July 1, 2013, and ending December 31, 2019, an  
14 amount equal to two percent of the proceeds of this tax must be  
15 deposited in the public works assistance account created in RCW  
16 43.155.050, an amount equal to four and one-tenth percent must be  
17 deposited in the education legacy trust account created in RCW  
18 83.100.230, an amount equal to one and six-tenths percent must be  
19 deposited in the city-county assistance account created in RCW  
20 43.08.290, and the remainder must be deposited in the general fund.

21 (b) Beginning January 1, 2020, amounts collected from the tax  
22 imposed under this section must be deposited as provided in RCW  
23 82.45.230.

24 (5) The definitions in this subsection apply throughout this  
25 section unless the context clearly requires otherwise.

26 (a) "Agricultural land" means farm and agricultural land and farm  
27 and agricultural conservation land, as those terms are defined in RCW  
28 84.34.020, including any structures on such land.

29 (b) "Consumer price index for shelter" means the most current  
30 seasonally adjusted index for the shelter expenditure category of the  
31 consumer price index for all urban consumers (CPI-U) as published by  
32 July 31st by the bureau of labor statistics of the United States  
33 department of labor.

34 (c) "Growth of the consumer price index for shelter" means the  
35 percentage increase in the consumer price index for shelter as  
36 measured from data published by the bureau of labor statistics of the  
37 United States department of labor by July 31st for the most recent  
38 three-year period for the selling price threshold adjustment in 2022,  
39 and the most recent four-year period for subsequent selling price  
40 threshold adjustments.

1 (d) "Timberland" means land classified under chapter 84.34 RCW or  
2 designated under chapter 84.33 RCW, including any structures and  
3 standing timber on such land, and standing timber sold apart from the  
4 land upon which it sits.

5 (e) "Undeveloped land" means any land unaltered from its natural  
6 state by the construction, creation, or addition of structures or  
7 impervious surfaces.

8 NEW SECTION. **Sec. 2.** The provisions of RCW 82.32.805 and  
9 82.32.808 do not apply to this act.

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