
SUBSTITUTE SENATE BILL 5998

State of Washington

66th Legislature

2019 Regular Session

By Senate Ways & Means (originally sponsored by Senators Nguyen, Lovelett, Hasegawa, Salomon, and Hunt)

1 AN ACT Relating to establishing a graduated real estate excise
2 tax; amending RCW 82.45.060, 82.45.033, 43.07.390, and 82.45.220;
3 reenacting and amending RCW 82.45.010; adding new sections to chapter
4 82.45 RCW; creating a new section; and providing an effective date.

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

6 **Sec. 1.** RCW 82.45.060 and 2017 3rd sp.s. c 10 s 13 are each
7 amended to read as follows:

8 (1) There is imposed an excise tax upon each sale of real
9 property ((at the rate of one and twenty-eight one-hundredths percent
10 of the selling price. Beginning July 1, 2013, and ending June 30,
11 2023,)). Through December 31, 2019, the rate of this tax is one and
12 twenty-eight one-hundredths percent of the selling price. Beginning
13 January 1, 2020, the tax under this section is computed based on the
14 selling price, or portion thereof, multiplied by the applicable rate
15 or rates provided in subsection (3) of this section.

16 (2)(a) Beginning July 1, 2013, through December 31, 2019, the
17 proceeds of the tax under this section must be deposited as follows:

18 (i) An amount equal to two percent of the proceeds of this tax
19 must be deposited in the public works assistance account created in
20 RCW 43.155.050 ((, and));

1 (ii) An amount equal to four and one-tenth percent must be
2 deposited in the education legacy trust account created in RCW
3 83.100.230 (~~Thereafter, an amount equal to six and one-tenth~~
4 percent of the proceeds of this tax to the state treasurer must be
5 deposited in the public works assistance account created in RCW
6 43.155.050. Except as otherwise provided in this section,);

7 (iii) An amount equal to one and six-tenths percent of the
8 proceeds of this tax to the state treasurer must be deposited in the
9 city-county assistance account created in RCW 43.08.290; and

10 (iv) The remainder of this tax must be deposited in the general
11 fund.

12 (b) Beginning January 1, 2020, the proceeds of the tax imposed in
13 this section must be deposited as provided in section 2 of this act.

14 (3) Beginning January 1, 2020, the rate of the tax imposed under
15 this section is as follows:

16 (a) For the sale of real property that is classified as
17 undeveloped land, timberland, agricultural land, or water or mineral
18 rights, one and twenty-eight one-hundredths percent of the selling
19 price.

20 (b) For the sale of real property with any classification other
21 than those provided in (a) of this subsection:

22 (i) If the selling price is equal to or less than four hundred
23 fifty thousand dollars, one percent of the selling price;

24 (ii) If the selling price is greater than four hundred fifty
25 thousand dollars:

26 (A) One and one-half percent of any portion of the selling price
27 that is greater than four hundred fifty thousand dollars and equal to
28 or less than nine hundred thousand dollars;

29 (B) Two percent of any portion of the selling price that is
30 greater than nine hundred thousand dollars and equal to or less than
31 one million eight hundred thousand dollars;

32 (C) Two and one-half percent of any portion of the selling price
33 that is greater than one million eight hundred thousand dollars and
34 equal to or less than three million six hundred thousand dollars; and

35 (D) Three percent of any portion of the selling price that is
36 greater than three million six hundred thousand dollars.

37 (4) Beginning July 1, 2022, and every fourth year thereafter:

38 (a) The department must adjust the selling price threshold in
39 subsection (3)(b)(i) of this section to reflect the lesser of the
40 growth of the consumer price index for shelter or five percent. If

1 the growth is equal to or less than zero percent, the current selling
2 price threshold continues to apply.

3 (b) The department must adjust the selling price thresholds in
4 subsection (3)(b)(ii)(A) through (C) of this section by the dollar
5 amount of the selling price threshold in subsection (3)(b)(i) of this
6 section if increased under (a) of this subsection (4).

7 (c) The department must publish updated selling price thresholds
8 by September 1, 2022, and September 1st of every fourth year
9 thereafter. Updated selling price thresholds will apply beginning
10 January 1st of every fourth year, beginning January 1, 2023. Adjusted
11 selling price thresholds must be rounded to the nearest one thousand
12 dollars. No changes may be made to adjusted selling price thresholds
13 once such adjustments take effect.

14 (d) The most recent selling price threshold becomes the base for
15 subsequent adjustments.

16 (e) The department must report the updated selling price
17 thresholds to the fiscal committees of the legislature within six
18 months of publication.

19 (5)(a) The department must publish guidance to assist sellers in
20 properly classifying real property on the real estate excise tax
21 affidavit for purposes of determining the proper amount of tax due
22 under this section. Real property with multiple uses must be
23 classified according to the property's predominant use. The
24 department's guidance must include factors for use in determining the
25 predominant use of real property.

26 (b) County treasurers are not responsible for verifying that the
27 seller has properly classified real property reported on a real
28 estate excise tax affidavit. The department is solely responsible for
29 such verification as part of its audit responsibilities under RCW
30 82.45.150.

31 (6) The definitions in this subsection apply throughout this
32 section unless the context clearly requires otherwise.

33 (a) "Agricultural land" means farm and agricultural land and farm
34 and agricultural conservation land, as those terms are defined in RCW
35 84.34.020, including any structures on such land.

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

1 (c) "Development" means any improvement, alteration,
2 modification, maintenance, or use of land that requires a permit or
3 approval from a state or local government permitting authority
4 including, but not limited to, a building permit, grading permit,
5 shoreline substantial development permit, conditional use permit,
6 special use permit, zoning variance or reclassification, subdivision,
7 short subdivision, urban planned development, binding site plan, site
8 development permit, right-of-way use permit, or hydraulic project
9 approval.

10 (d) "Growth of the consumer price index for shelter" means the
11 percentage increase in the consumer price index for shelter as
12 measured from data published by the bureau of labor statistics of the
13 United States department of labor by July 31st for the most recent
14 three-year period for the selling price threshold adjustment in 2022,
15 and the most recent four-year period for subsequent selling price
16 threshold adjustments.

17 (e) "Impervious surface" means a hard surface area that either
18 prevents or retards the entry of water into the soil mantle as under
19 natural conditions before development or that causes water to run off
20 the surface in greater quantities or at an increased rate of flow
21 from the flow present under natural conditions before development.
22 "Impervious surface" includes, but is not limited to, roofs,
23 walkways, patios, driveways, parking lots, storage areas, areas that
24 are paved, graveled, or made of packed or oiled earthen materials, or
25 other surfaces that similarly impede the natural infiltration of
26 surface water or stormwater. "Impervious surfaces" include areas
27 covered with any type of permeable pavement, such as porous asphalt,
28 pervious concrete, permeable interlocking concrete pavers, and other
29 permeable pavers.

30 (f) "Open space land" means land classified as open space land
31 under chapter 84.34 RCW, including any structures on such land.

32 (g) "Timberland" means land classified under chapter 84.34 RCW or
33 designated under chapter 84.33 RCW, including any structures on such
34 land, and standing timber sold apart from the land upon which it
35 sits.

36 (h) "Undeveloped land" means any land unaltered from the natural
37 state by the construction, creation, or addition of structures or
38 impervious surfaces.

1 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.45
2 RCW to read as follows:

3 (1) (a) By December 1st of each year, beginning January 1, 2020,
4 the department must calculate:

5 (i) The proceeds of tax imposed pursuant to RCW 82.45.060
6 generated during the most recently completed fiscal year; and

7 (ii) The estimated amount of proceeds the tax imposed pursuant to
8 RCW 82.45.060 would have generated during the most recently completed
9 fiscal year, if the rate of this tax had been one and twenty-eight
10 one-hundredths percent for all taxable transactions during the most
11 recently completed fiscal year.

12 (b) By December 31st of each year, beginning January 1, 2020, the
13 department must notify the state treasurer of the calculations under
14 this subsection (1) and the proceeds of the tax imposed under RCW
15 82.45.060 must be distributed as provided in subsections (2) and (3)
16 of this section.

17 (2) For the amount of proceeds equal to the amount calculated in
18 subsection (1) (a) (ii) of this section, the funds must be distributed
19 as follows:

20 (a) Beginning January 1, 2020, through June 30, 2023, an amount
21 equal to:

22 (i) Two percent of the proceeds calculated in subsection
23 (1) (a) (ii) of this section must be deposited in the public works
24 assistance account created in RCW 43.155.050;

25 (ii) Four and one-tenth percent of the proceeds calculated in
26 subsection (1) (a) (ii) of this section must be deposited in the
27 education legacy trust account created in RCW 83.100.230; and

28 (iii) The remaining proceeds must be deposited in the general
29 fund.

30 (b) (i) Beginning July 1, 2023, an amount equal to six and one-
31 tenth percent of the proceeds calculated in subsection (1) (a) (ii) of
32 this section must be deposited in the public works assistance account
33 created in RCW 43.155.050; and

34 (ii) The remaining proceeds must be deposited in the general
35 fund.

36 (3) The remaining proceeds that were not distributed in
37 subsection (2) of this section must be deposited into the education
38 legacy trust account created in RCW 83.100.230.

1 **Sec. 3.** RCW 82.45.010 and 2018 c 223 s 3 and 2018 c 221 s 1 are
2 each reenacted and amended to read as follows:

3 (1) As used in this chapter, the term "sale" has its ordinary
4 meaning and includes any conveyance, grant, assignment, quitclaim, or
5 transfer of the ownership of or title to real property, including
6 standing timber, or any estate or interest therein for a valuable
7 consideration, and any contract for such conveyance, grant,
8 assignment, quitclaim, or transfer, and any lease with an option to
9 purchase real property, including standing timber, or any estate or
10 interest therein or other contract under which possession of the
11 property is given to the purchaser, or any other person at the
12 purchaser's direction, and title to the property is retained by the
13 vendor as security for the payment of the purchase price. The term
14 also includes the grant, assignment, quitclaim, sale, or transfer of
15 improvements constructed upon leased land.

16 (2) (a) The term "sale" also includes the transfer or acquisition
17 within any (~~twelve~~) thirty-six month period of a controlling
18 interest in any entity with an interest in real property located in
19 this state for a valuable consideration.

20 (b) For the sole purpose of determining whether, pursuant to the
21 exercise of an option, a controlling interest was transferred or
22 acquired within a (~~twelve~~) thirty-six month period, the date that
23 the option agreement was executed is the date on which the transfer
24 or acquisition of the controlling interest is deemed to occur. For
25 all other purposes under this chapter, the date upon which the option
26 is exercised is the date of the transfer or acquisition of the
27 controlling interest.

28 (c) For purposes of this subsection, all acquisitions of persons
29 acting in concert must be aggregated for purposes of determining
30 whether a transfer or acquisition of a controlling interest has taken
31 place. The department must adopt standards by rule to determine when
32 persons are acting in concert. In adopting a rule for this purpose,
33 the department must consider the following:

34 (i) Persons must be treated as acting in concert when they have a
35 relationship with each other such that one person influences or
36 controls the actions of another through common ownership; and

37 (ii) When persons are not commonly owned or controlled, they must
38 be treated as acting in concert only when the unity with which the
39 purchasers have negotiated and will consummate the transfer of
40 ownership interests supports a finding that they are acting as a

1 single entity. If the acquisitions are completely independent, with
2 each purchaser buying without regard to the identity of the other
3 purchasers, then the acquisitions are considered separate
4 acquisitions.

5 (3) The term "sale" does not include:

6 (a) A transfer by gift, devise, or inheritance.

7 (b) A transfer by transfer on death deed, to the extent that it
8 is not in satisfaction of a contractual obligation of the decedent
9 owed to the recipient of the property.

10 (c) A transfer of any leasehold interest other than of the type
11 mentioned above.

12 (d) A cancellation or forfeiture of a vendee's interest in a
13 contract for the sale of real property, whether or not such contract
14 contains a forfeiture clause, or deed in lieu of foreclosure of a
15 mortgage.

16 (e) The partition of property by tenants in common by agreement
17 or as the result of a court decree.

18 (f) The assignment of property or interest in property from one
19 spouse or one domestic partner to the other spouse or other domestic
20 partner in accordance with the terms of a decree of dissolution of
21 marriage or state registered domestic partnership or in fulfillment
22 of a property settlement agreement.

23 (g) The assignment or other transfer of a vendor's interest in a
24 contract for the sale of real property, even though accompanied by a
25 conveyance of the vendor's interest in the real property involved.

26 (h) Transfers by appropriation or decree in condemnation
27 proceedings brought by the United States, the state or any political
28 subdivision thereof, or a municipal corporation.

29 (i) A mortgage or other transfer of an interest in real property
30 merely to secure a debt, or the assignment thereof.

31 (j) Any transfer or conveyance made pursuant to a deed of trust
32 or an order of sale by the court in any mortgage, deed of trust, or
33 lien foreclosure proceeding or upon execution of a judgment, or deed
34 in lieu of foreclosure to satisfy a mortgage or deed of trust.

35 (k) A conveyance to the federal housing administration or
36 veterans administration by an authorized mortgagee made pursuant to a
37 contract of insurance or guaranty with the federal housing
38 administration or veterans administration.

39 (l) A transfer in compliance with the terms of any lease or
40 contract upon which the tax as imposed by this chapter has been paid

1 or where the lease or contract was entered into prior to the date
2 this tax was first imposed.

3 (m) The sale of any grave or lot in an established cemetery.

4 (n) A sale by the United States, this state or any political
5 subdivision thereof, or a municipal corporation of this state.

6 (o) A sale to a regional transit authority or public corporation
7 under RCW 81.112.320 under a sale/leaseback agreement under RCW
8 81.112.300.

9 (p) A transfer of real property, however effected, if it consists
10 of a mere change in identity or form of ownership of an entity where
11 there is no change in the beneficial ownership. These include
12 transfers to a corporation or partnership which is wholly owned by
13 the transferor and/or the transferor's spouse or domestic partner or
14 children of the transferor or the transferor's spouse or domestic
15 partner. However, if thereafter such transferee corporation or
16 partnership voluntarily transfers such real property, or such
17 transferor, spouse or domestic partner, or children of the transferor
18 or the transferor's spouse or domestic partner voluntarily transfer
19 stock in the transferee corporation or interest in the transferee
20 partnership capital, as the case may be, to other than (i) the
21 transferor and/or the transferor's spouse or domestic partner or
22 children of the transferor or the transferor's spouse or domestic
23 partner, (ii) a trust having the transferor and/or the transferor's
24 spouse or domestic partner or children of the transferor or the
25 transferor's spouse or domestic partner as the only beneficiaries at
26 the time of the transfer to the trust, or (iii) a corporation or
27 partnership wholly owned by the original transferor and/or the
28 transferor's spouse or domestic partner or children of the transferor
29 or the transferor's spouse or domestic partner, within three years of
30 the original transfer to which this exemption applies, and the tax on
31 the subsequent transfer has not been paid within sixty days of
32 becoming due, excise taxes become due and payable on the original
33 transfer as otherwise provided by law.

34 (q)(i) A transfer that for federal income tax purposes does not
35 involve the recognition of gain or loss for entity formation,
36 liquidation or dissolution, and reorganization, including but not
37 limited to nonrecognition of gain or loss because of application of
38 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal
39 revenue code of 1986, as amended.

1 (ii) However, the transfer described in (q) (i) of this subsection
2 cannot be preceded or followed within a (~~twelve~~) thirty-six month
3 period by another transfer or series of transfers, that, when
4 combined with the otherwise exempt transfer or transfers described in
5 (q) (i) of this subsection, results in the transfer of a controlling
6 interest in the entity for valuable consideration, and in which one
7 or more persons previously holding a controlling interest in the
8 entity receive cash or property in exchange for any interest the
9 person or persons acting in concert hold in the entity. This
10 subsection (3) (q) (ii) does not apply to that part of the transfer
11 involving property received that is the real property interest that
12 the person or persons originally contributed to the entity or when
13 one or more persons who did not contribute real property or belong to
14 the entity at a time when real property was purchased receive cash or
15 personal property in exchange for that person or persons' interest in
16 the entity. The real estate excise tax under this subsection
17 (3) (q) (ii) is imposed upon the person or persons who previously held
18 a controlling interest in the entity.

19 (r) A qualified sale of a manufactured/mobile home community, as
20 defined in RCW 59.20.030, that takes place on or after June 12, 2008,
21 but before December 31, 2018.

22 (s) (i) A transfer of a qualified low-income housing development
23 or controlling interest in a qualified low-income housing
24 development, unless, due to noncompliance with federal statutory
25 requirements, the seller is subject to recapture, in whole or in
26 part, of its allocated federal low-income housing tax credits within
27 the four years prior to the date of transfer.

28 (ii) For purposes of this subsection (3) (s), "qualified low-
29 income housing development" means real property and improvements in
30 respect to which the seller or, in the case of a transfer of a
31 controlling interest, the owner or beneficial owner, was allocated
32 federal low-income housing tax credits authorized under 26 U.S.C.
33 Sec. 42 or successor statute, by the Washington state housing finance
34 commission or successor state-authorized tax credit allocating
35 agency.

36 (iii) This subsection (3) (s) does not apply to transfers of a
37 qualified low-income housing development or controlling interest in a
38 qualified low-income housing development occurring on or after July
39 1, 2035.

1 (iv) The Washington state housing finance commission, in
2 consultation with the department, must gather data on: (A) The fiscal
3 savings, if any, accruing to transferees as a result of the exemption
4 provided in this subsection (3)(s); (B) the extent to which
5 transferors of qualified low-income housing developments receive
6 consideration, including any assumption of debt, as part of a
7 transfer subject to the exemption provided in this subsection (3)(s);
8 and (C) the continued use of the property for low-income housing. The
9 Washington state housing finance commission must provide this
10 information to the joint legislative audit and review committee. The
11 committee must conduct a review of the tax preference created under
12 this subsection (3)(s) in calendar year 2033, as required under
13 chapter 43.136 RCW.

14 (t)(i) A qualified transfer of residential property by a legal
15 representative of a person with developmental disabilities to a
16 qualified entity subject to the following conditions:

17 (A) The adult child with developmental disabilities of the
18 transferor of the residential property must be allowed to reside in
19 the residence or successor property so long as the placement is safe
20 and appropriate as determined by the department of social and health
21 services;

22 (B) The title to the residential property is conveyed without the
23 receipt of consideration by the legal representative of a person with
24 developmental disabilities to a qualified entity;

25 (C) The residential property must have no more than four living
26 units located on it; and

27 (D) The residential property transferred must remain in continued
28 use for fifty years by the qualified entity as supported living for
29 persons with developmental disabilities by the qualified entity or
30 successor entity. If the qualified entity sells or otherwise conveys
31 ownership of the residential property the proceeds of the sale or
32 conveyance must be used to acquire similar residential property and
33 such similar residential property must be considered the successor
34 for continued use. The property will not be considered in continued
35 use if the department of social and health services finds that the
36 property has failed, after a reasonable time to remedy, to meet any
37 health and safety statutory or regulatory requirements. If the
38 department of social and health services determines that the property
39 fails to meet the requirements for continued use, the department of
40 social and health services must notify the department and the real

1 estate excise tax based on the value of the property at the time of
2 the transfer into use as residential property for persons with
3 developmental disabilities becomes immediately due and payable by the
4 qualified entity. The tax due is not subject to penalties, fees, or
5 interest under this title.

6 (ii) For the purposes of this subsection (3)(t) the definitions
7 in RCW 71A.10.020 apply.

8 (iii) A "qualified entity" is:

9 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)
10 of the federal internal revenue code of 1986, as amended, as of June
11 7, 2018, or a subsidiary under the same taxpayer identification
12 number that provides residential supported living for persons with
13 developmental disabilities; or

14 (B) A nonprofit adult family home, as defined in RCW 70.128.010,
15 that exclusively serves persons with developmental disabilities.

16 (iv) In order to receive an exemption under this subsection
17 (3)(t) an affidavit must be submitted by the transferor of the
18 residential property and must include a copy of the transfer
19 agreement and any other documentation as required by the department.

20 **Sec. 4.** RCW 82.45.033 and 2010 1st sp.s. c 23 s 208 are each
21 amended to read as follows:

22 (1) As used in this chapter, the term "controlling interest" has
23 the following meaning:

24 (a) In the case of a profit corporation, either fifty percent or
25 more of the total combined voting power of all classes of stock of
26 the corporation entitled to vote, or fifty percent of the capital,
27 profits, or beneficial interest in the voting stock of the
28 corporation; and

29 (b) In the case of any other corporation, or a partnership,
30 association, trust, or other entity, fifty percent or more of the
31 capital, profits, or beneficial interest in such corporation,
32 partnership, association, trust, or other entity.

33 (2) The department may, at the department's option, enforce the
34 obligation of the seller under this chapter as provided in this
35 subsection (2):

36 (a) In the transfer or acquisition of a controlling interest as
37 defined in subsection (1)(a) of this section, either against the
38 corporation in which a controlling interest is transferred or
39 acquired, against the person or persons who acquired the controlling

1 interest in the corporation or, when the corporation is not a
2 publicly traded company, against the person or persons who
3 transferred the controlling interest in the corporation; and

4 (b) In the transfer or acquisition of a controlling interest as
5 defined in subsection (1)(b) of this section, either against the
6 entity in which a controlling interest is transferred or acquired or
7 against the person or persons who transferred or acquired the
8 controlling interest in the entity.

9 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.45
10 RCW to read as follows:

11 The legislature recognizes that in adopting a graduated tax rate
12 structure providing for increased tax rates for sales of highly
13 valued property, while also exempting certain types of property from
14 the increased tax rates, some taxpayers will attempt to avoid or
15 reduce the tax imposed in this chapter by structuring transactions in
16 a way that serves no meaningful purpose other than to reduce tax due
17 under this chapter.

18 (1)(a) When necessary to deny the tax benefit that would
19 otherwise accrue from engaging in one or more related transactions
20 designed to avoid tax under this chapter, the department is
21 authorized to disregard the form of the transaction or series of
22 transactions and determine the proper tax treatment under this
23 chapter based on the substance of the transaction or transactions. In
24 exercising this authority, the department may consider the factors
25 described in RCW 82.32.655(2) (a), (b), (c), and (f).

26 (b) The authority provided in this subsection includes, but is
27 not limited to, treating multiple sales as a single sale as necessary
28 to prevent the parties from reducing the tax liability under this
29 chapter when it appears that the parties have engaged in a concerted
30 plan intended from the outset to achieve a reduced effective tax rate
31 than had the parties collapsed the separate sales into a single sale
32 at the outset.

33 (2) The department is encouraged to provide guidance to the
34 public concerning the department's implementation of this section,
35 whether by rule or otherwise.

36 **Sec. 6.** RCW 43.07.390 and 2010 1st sp.s. c 23 s 213 are each
37 amended to read as follows:

1 (1)(a) The secretary of state must adopt rules requiring any
2 entity that is required to file an annual report with the secretary
3 of state, including entities under Titles 23, 23B, 24, and 25 RCW, to
4 disclose: (i) Any transfer of the controlling interest in the entity
5 or an interest that amounts to at least one-third of a controlling
6 interest in the entity; and (ii) the granting of any option to
7 acquire an interest (~~(in the entity if the exercise of the option~~
8 ~~would result in a sale as defined in RCW 82.45.010(2))~~) described in
9 (a)(i) of this subsection.

10 (b) The disclosure requirement in this subsection only applies to
11 entities owning an interest in real property located in this state.

12 (2) This information must be made available to the department of
13 revenue upon request for the purposes of tracking the transfer of the
14 controlling interest in entities owning real property and to
15 determine when the real estate excise tax is applicable in such
16 cases.

17 (3) For the purposes of this section, "controlling interest" has
18 the same meaning as provided in RCW 82.45.033.

19 **Sec. 7.** RCW 82.45.220 and 2010 1st sp.s. c 23 s 212 are each
20 amended to read as follows:

21 (1) An organization that fails to report (~~(a transfer of the~~
22 ~~controlling interest in the organization under RCW 43.07.390 to the~~
23 ~~secretary of state and is later determined to be subject to real~~
24 ~~estate excise taxes due to the transfer,)~~) to the secretary of state
25 a transfer of an interest in the organization as required under RCW
26 43.07.390 and the transfer results in a sale as defined in RCW
27 82.45.010(2) is subject to the provisions of RCW 82.45.100 as well as
28 the evasion penalty in RCW 82.32.090(7).

29 (2) Subsection (1) of this section also applies to the failure to
30 report to the secretary of state the granting of an option to acquire
31 an interest in the organization if the exercise of the option would
32 result in a sale as defined in RCW 82.45.010(2).

33 NEW SECTION. **Sec. 8.** The provisions of RCW 82.32.805 and
34 82.32.808 do not apply to this act.

35 NEW SECTION. **Sec. 9.** This act takes effect January 1, 2020.

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