

SENATE BILL REPORT

SB 5395

As of January 23, 2023

Title: An act relating to increasing the real estate technology fee dedicated to the maintenance and operation of property tax and real estate excise tax electronic processing, reporting, and revaluation systems.

Brief Description: Increasing the real estate technology fee dedicated to the maintenance and operation of property tax and real estate excise tax electronic processing, reporting, and revaluation systems.

Sponsors: Senators Lovick and Stanford.

Brief History:

Committee Activity: Ways & Means: 1/24/23.

Brief Summary of Bill

- Increases the Real Estate Excise Tax technology fee collected by county treasurers from \$5.00 to \$7.05 beginning January 1, 2024.
- Requires the technology fee to be adjusted for inflation beginning in 2027 and every fourth year thereafter.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Jeffrey Mitchell (786-7438)

Background: The state imposes a Real Estate Excise Tax (REET) upon most sales of real property. The tax is calculated based on the full selling price, including the amount of any liens, mortgages, and other debts given to secure the purchase. The tax is due at the time of sale and is collected by the county when the documents of sale are presented for recording. In addition to the state REET, cities and counties may impose local real estate excise taxes.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

There is a \$5.00 technology fee on all real estate sales transactions, regardless of whether the transaction requires the payment of REET. The county treasurer deposits one-half of the fee into a county special real estate and property tax administration assistance account. The remaining half is remitted to the state where it is placed in a real estate and property tax administration assistance account. The state treasurer distributes one-half of the state funds to the 39 counties equally and the remaining portion based on population. Counties must use all technology fee receipts for the maintenance and operation of an annual revaluation system for property tax revaluation and the maintenance and operation of an electronic processing and reporting system for REET tax affidavits.

Summary of Bill: On January 1, 2024, the REET technology fee is increased from \$5.00 to \$7.05.

Beginning in calendar year 2027, and every four years thereafter, the fee is adjusted for inflation based on the consumer price index. The Department of Revenue is required to publish the updated fee amount by September 1st of the prior year. An adjusted fee amount must be rounded to the nearest five cents.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.