
SENATE BILL 5493

State of Washington

68th Legislature

2023 Regular Session

By Senators Kuderer, Wellman, Hasegawa, Lovelett, Lovick, Saldaña, and C. Wilson

Read first time 01/20/23. Referred to Committee on Housing.

1 AN ACT Relating to eliminating a business and occupation tax
2 deduction for financial institutions to fund affordable housing;
3 adding a new section to chapter 82.32 RCW; creating new sections;
4 repealing RCW 82.04.29005 and 82.04.4292; and providing an effective
5 date.

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

7 NEW SECTION. **Sec. 1.** It is the intent of this act to increase
8 funding for affordable housing by applying the catch-all service and
9 other tax rate under RCW 82.04.290(2)(a) to interest received by all
10 financial institutions on investments or loans primarily secured by
11 nontransient residential properties, as well as related service fees,
12 previously eligible for a business and occupation tax deduction under
13 RCW 82.04.4292.

14 NEW SECTION. **Sec. 2.** The following acts or parts of acts are
15 each repealed:

16 (1) RCW 82.04.29005 (Tax on loan interest—2012 2nd sp.s. c 6) and
17 2012 2nd sp.s. c 6 s 101; and

18 (2) RCW 82.04.4292 (Deductions—Interest on investments or loans
19 secured by mortgages or deeds of trust) and 2012 2nd sp.s. c 6 s 102,
20 2010 1st sp.s. c 23 s 301, & 1980 c 37 s 12.

1 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.32
2 RCW to read as follows:

3 (1) By October 15, 2024, and by each October 15th thereafter, the
4 department must estimate any increase in state general fund revenue
5 collections for the immediately preceding fiscal year resulting from
6 the repeal of RCW 82.04.4292 under section 2, chapter . . ., Laws of
7 2023 (section 2 of this act). The department must promptly notify the
8 state treasurer of these estimated amounts.

9 (2) Beginning November 1, 2024, and by each November 1st
10 thereafter, the state treasurer must transfer from the general fund
11 the estimated amount determined by the department under subsection
12 (1) of this section for the immediately preceding fiscal year into
13 the housing trust fund under RCW 43.185.030.

14 (3) The department may not make any adjustments to an estimate
15 under subsection (1) of this section after the state treasurer makes
16 the corresponding distribution under subsection (2) of this section
17 based on the department's estimate.

18 NEW SECTION. **Sec. 4.** This act applies to interest received on
19 or after August 1, 2023.

20 NEW SECTION. **Sec. 5.** This act takes effect August 1, 2023.

--- END ---