
Housing Committee

HB 2754

Brief Description: Exempting certain housing developers from the real estate excise tax requirement.

Sponsors: Representatives Pettigrew and Ericks.

Brief Summary of Bill

- Provides for a state and local Real Estate Excise Tax exemption for housing developers who sell new or substantially renovated housing units to low or moderate income first-time homebuyers.

Hearing Date: 1/24/08

Staff: Robyn Dupuis (786-7166).

Background:

The Real Estate Excise Tax (REET) is imposed on each sale of real property, which includes both the transfer of ownership and the transfer of controlling interests. Real property includes any interest in land or anything affixed to land. The state tax rate is 1.28 percent of the selling price. Additional local rates are allowed. The combined state and local rate in most areas is 1.78 percent or less. Administration of the tax is both at the county and state levels. County treasurers are designated as agents of the state, cities, and counties in processing the REET.

Summary of Bill:

A state and local Real Estate Excise Tax exemption is provided to housing developers who sell new or substantially renovated housing units to low or moderate income first-time homebuyers.

Definitions

Housing Developer: Any individual or entity which has amongst its primary purposes significant activities related to the provision of housing affordable to low or moderate income households.

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Low or Moderate Income Households: Households whose adjusted income is at or below 120 percent of the area median income for the county where the project is located.

First-Time Homebuyer: Households where one of the legal homebuyers has not owned and occupied a primary residence at any time in the previous three years.

Substantially Renovated: Housing units wherein the developer has extended over 15 percent of the unit's value on renovations (value is calculated after the completion of renovations).

Appropriation: None.

Fiscal Note: Requested on January 16, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.