
Local Government & Housing Committee

HB 1744

Brief Description: Concerning real estate excise tax expenditures for parks and capital projects.

Sponsors: Representatives Ericks, Springer and Clibborn.

Brief Summary of Bill

- Allows proceeds from a locally-imposed real estate excise tax (REET) to be used for park maintenance and operation expenditures.
- Expands the list of capital projects for which certain REET proceeds may be used.

Hearing Date: 2/9/09

Staff: Ethan Moreno (786-7386)

Background:

County legislative authorities may impose an excise tax on each sale of real property in unincorporated areas of the county. Similarly, city and town legislative authorities also may impose an excise tax on each sale of real property within their corporate limits. The rate of these real estate excise taxes (REET) may not exceed 0.25 percent of the selling price. Revenues generated from this tax must be used for financing qualifying capital projects, as that term is defined in statute, and for housing relocation assistance.

Counties, cities, and towns that fully plan under the Growth Management Act (GMA) may impose an additional REET on each sale of real property that may not exceed 0.25 percent of the selling price. Counties that opted to fully plan under the GMA, and the cities and towns within, may impose the additional REET with voter approval.

With some exceptions, revenues generated from this additional REET may only be used for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA.

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

"Capital project," for purposes of the additional REET, means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including:

- streets;
- domestic water systems;
- recreational facilities; and
- planning, construction, reconstruction, repair, rehabilitation or improvement of parks.

The legislative authority of any county, city, or town using revenues from this additional REET must identify in the adopted budget, the capital projects that are funded in whole or in part from the proceeds of the additional REET, and must indicate that the tax is intended to be in addition to other funds that may be reasonably available for such capital projects.

Summary of Bill:

Revenues generated from the additional REET that may be imposed by counties, cities, and towns that fully plan under the GMA may be used for park maintenance and operation expenditures. Revenues from this tax may not be used to supplant existing sources of funding for park maintenance and operation expenditures.

The definition of "capital project," for purposes of the additional REET, is modified to allow proceeds from the tax to be used for additional purposes, including:

- parks;
- recreational facilities;
- law enforcement facilities;
- fire protection facilities; and
- administrative and/or judicial facilities.

Appropriation: None.

Fiscal Note: Not requested.

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