

SENATE BILL REPORT

SB 6689

As of Third Reading, February 15, 2000

Title: An act relating to the use of funds derived from the real estate excise tax.

Brief Description: Modifying the use of funds derived from the local real estate excise tax.

Sponsors: Senators Haugen, Patterson, Winsley, Kline, Sheahan, Rasmussen and Kohl-Welles.

Brief History:

Committee Activity: State & Local Government: 1/31/2000, 2/3/2000 [DP, DNP].
Failed Senate, 2/15/2000, 20-27.

SENATE COMMITTEE ON STATE & LOCAL GOVERNMENT

Majority Report: Do pass.

Signed by Senators Patterson, Chair; Gardner, Vice Chair; Haugen and Kline.

Minority Report: Do not pass.

Signed by Senators Hale and Horn.

Staff: Eugene Green (786-7405)

Background: The legislative authority of any city, town, or county may impose an excise tax on each sale of real property at a rate not exceeding one-quarter of 1 percent of the selling price. The revenues from this tax may be used by any city, town or county with a population of 5,000 or less and any city or county that does not plan under the Growth Management Act for any capital purpose identified in a capital improvements plan. For those cities with a population of 5,000 or more, the revenues from this tax are restricted to the following uses: planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks; recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative and/or judicial facilities; and river and/or waterway flood control projects by those jurisdictions that, prior to June 11, 1992, have expended funds derived from this tax for this purpose.

The legislative authority of any city, town, or county that plans under the Growth Management Act may impose a second excise tax on the each sale of real property at a rate not exceeding one-quarter of 1 percent of the selling price. The use of revenues from this tax are more restricted than the use of the first excise tax in that the revenues may only be used for: planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, and storm and sanitary sewer systems, and parks.

Summary of Bill: Except for river and/or waterway flood control projects, the use of revenues from the second excise tax of one-quarter percent on each sale of real property is expanded to include all uses that are authorized for the first excise tax. Additionally, both excise taxes may be used for low-income housing.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: Cities and counties need the flexibility to spend this revenue where it will be of greatest benefit to our capital plans. There is no good reason to distinguish between the uses of the two real estate excise taxes.

Testimony Against: If revenue is not used strictly for infrastructure, it puts added pressure to raise impact fees. The use of these taxes was agreed upon years ago and there is no good reason to change the uses.

Testified: Mike Ryherd, City of Anacortes (pro); Dick Little, City of Bellingham (pro); Trent Matson, BIAW (con); Dave Williams, Assn. of WA Cities (pro); Glen Hudson, Realtors (con).