

HOUSE BILL REPORT

SHB 1254

As Reported by House Committee On:

Finance

Title: An act relating to a real estate excise tax exemption for land exchanges and sales with the federal government.

Brief Description: Exempting certain land exchanges and sales involving the federal government from real estate excise tax.

Sponsors: House Committee on Finance (originally sponsored by Representatives Kessler, Mastin, Reardon, Roach, Cairnes and Morris).

Brief History:

Committee Activity:

Finance: 2/11/02 [DP].

Brief Summary of Bill

- An exchange of real estate is exempt from the state portion of the real estate excise tax if the exchange is between a private entity and the U.S. Department of Agriculture or Department of Interior, and the exchange involves parcels that are equal or equalized in value.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 11 members: Representatives Gombosky, Chair; Berkey, Vice Chair; Cairnes, Ranking Minority Member; Conway, Morris, Nixon, Orcutt, Roach, Santos, Van Luven and Veloria.

Staff: Bob Longman (786-7139).

Background:

The real estate excise tax is imposed on each sale of real property. The state tax rate is 1.28 percent. Additional local rates are allowed. Cities and counties may impose an additional 0.25 percent rate for capital improvements. Cities and counties may also impose a second 0.25 percent rate for capital projects specified in a city or county's comprehensive plan. An additional rate of 0.5 percent is available for cities and counties

not imposing the second 0.5 percent of the local sales tax. A county may impose an additional 1 percent rate for acquisition and maintenance of conservation areas if this rate is approved by voters.

The tax applies when a sale occurs. A sale is defined as any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property.

A seller pays real estate excise taxes. The only exception is the 1 percent county conservation rate which is paid by the buyer.

Sales of real property by a governmental entity are exempt from the real estate excise tax. However, sales of real property to a governmental entity are taxable.

Summary of Bill:

Exchanges of land between a private entity and the U.S. Department of Agriculture or Department of the Interior are exempt from state real estate excise tax if the exchange involves parcels that are equal in value. Parcels that are not equal in value may be equalized under a procedure specified by Congress.

Sales of land to the U.S. Department of Agriculture, U.S. Department of the Interior, or to a nonprofit nature conservancy organization are exempt from state real estate excise tax if the sale will conserve the land for public use or enjoyment.

These exemptions are for the state portion of the real estate excise tax and do not apply to local real estate excise taxes.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: None.

Testimony Against: None.

Testified: None.