

Finance

HB 1254

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

Sponsors: *Representatives Kessler, Mastin, Reardon, Roach, Cairnes and Morris.*

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.*

Hearing Date: *1/30/01*

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:

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 the Interior and 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.

The exemption is for the state portion of the real estate excise tax and does not apply to local real estate excise taxes.

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

Appropriation: *None.*

Fiscal Note: *Requested on January 23, 2001.*