

FINAL BILL REPORT

2SSB 5965

C 343 L 02
Synopsis as Enacted

Brief Description: Authorizing local option real estate excise taxes for affordable housing purposes.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Spanel, Gardner, Kohl-Welles, Kline and Rasmussen).

Senate Committee on Ways & Means

Background: The real estate excise tax applies to sales of real property and is collected when the sale document is recorded with the county. The tax is imposed on the value of the real property transferred.

The state tax rate is 1.28 percent of the selling price. Cities and counties may levy a tax of 0.25 percent for capital improvements. Cities and counties may impose an additional 0.5 percent for general purposes if they do not impose the second 0.5 percent of the local sales tax, but this tax is subject to referendum. Cities and counties may levy additional taxes of up to 0.25 percent for growth management programs, but cities and counties not required but choosing to plan under the Growth Management Act must obtain voter approval before imposing the tax. Finally, counties may impose a tax of up to 1.0 percent to finance the acquisition of conservation areas, subject to voter approval. City taxes are imposed in the city and county taxes are imposed in the unincorporated areas of the county, except the tax for conservation areas, which is county-wide. The taxes are paid by the seller, except the conservation area tax is paid by the buyer.

Summary: An additional real estate excise tax is authorized for counties equal to 0.5 percent of the selling price to be used exclusively for the development of affordable housing, including acquisition, building, rehabilitation, and maintenance and operation of housing for very low, low, and moderate income persons and those with special needs.

The proposal for the tax may be initiated by the county commissioners or by petition signed by 10 percent of the total number of voters voting in the last county election.

The tax requires voter approval and is imposed county-wide. The tax is imposed on both the purchaser and the seller, as determined by the county legislative authority, with at least one-half of the tax being on the purchaser.

Moneys are distributed on a competitive grant and loan process as determined by the legislative authority. Eligible recipients of grants and loans include private nonprofit, affordable housing providers, the housing authority for the county, or other housing programs conducted or funded by a public agency, or by a public agency in partnership with a private nonprofit entity.

No tax may be imposed unless the county imposes the 1.0 percent tax for conservation areas at the maximum rate and imposes the tax by January 1, 2003.

Votes on Final Passage:

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| Senate | 31 | 17 |
| House | 50 | 48 |

Effective: June 13, 2002