

# SENATE BILL REPORT

## SB 6103

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As of February 27, 2001

**Title:** An act relating to establishing a funding source for local and state-administered low-income housing projects.

**Brief Description:** Establishing a funding source for local and state-administered low-income housing projects.

**Sponsors:** Senators Prentice, Kline, Kohl-Welles, Regala, Fairley and Spanel.

**Brief History:**

**Committee Activity:** Ways & Means: 2/28/01.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** David Schumacher (786-7474)

**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 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 of Bill:** A new 1 percent real estate excise tax is imposed on real property that sells for at least \$500,000 per housing unit (or \$700,000 per housing unit plus accessory dwelling unit).

85 percent of the revenue generated by the tax remains in the county where the sale occurred to be used for low income housing, rent subsidies, down payment assistance, etc. The remaining 15 percent of the revenue is deposited into the Washington housing trust fund.

**Appropriation:** None.

**Fiscal Note:** Requested on February 24, 2001.

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

