

FINAL BILL REPORT

EHB 1219

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Synopsis as Enacted

Brief Description: Providing cities and counties authority to use real estate excise taxes to support affordable housing and homelessness projects.

Sponsors: Representatives Walen, Springer, Kloba, Goodman, Slatter, Stanford, Fey, Jinkins, Fitzgibbon, Ortiz-Self, Valdez, Lekanoff, Doglio, Frame, Wylie, Tharinger, Gregerson and Macri.

House Committee on Housing, Community Development & Veterans
Senate Committee on Housing Stability & Affordability

Background:

Growth Management Act Participation.

The Growth Management Act (GMA) is the comprehensive land-use planning framework for county and city governments in Washington. The GMA establishes numerous requirements for local governments required or choosing to fully plan under the GMA and a reduced number of directives for all other counties and cities.

Jurisdictions that fully plan under the GMA must adopt comprehensive land-use plans to express the general land-use policies of the county or city and development regulations to implement those plans. Comprehensive plans must address specified planning elements, such as a capital facilities element, a housing element, and an economic development element, each of which is a subset of a comprehensive plan.

Real Estate Excise Tax.

Counties and cities are authorized to impose excise taxes on real property sales.

REET I.

County legislative authorities may impose an excise tax (REET I) on each sale of real property in unincorporated areas of the county. Similarly, city legislative authorities may impose an excise tax on each sale of real property within their corporate limits. The rate of REET I may not exceed 0.25 percent of the selling price.

Proceeds from the REET I are dedicated for financing certain capital projects and improvements that include public works projects of a local government for planning,

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acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of certain types of facilities and infrastructure. Such qualifying projects include:

- streets, roads, highways, and sidewalks;
- street and road lighting systems;
- storm and sanitary sewer systems;
- recreational facilities;
- parks;
- law enforcement and fire protection facilities;
- administrative and judicial facilities; and
- river and waterway flood control projects.

REET II.

The legislative authorities of counties and cities that are required to plan under the Growth Management Act may impose an additional real estate excise tax (REET II) not to exceed a rate of 0.25 percent of the selling price of property. Counties that choose to plan under the GMA, and the cities within those counties, may impose the REET II with voter approval. Counties and cities may use REET II revenue for financing capital projects specified in their comprehensive plan that include:

- streets, roads, highways, and sidewalks;
- street and road lighting systems; and
- storm and sanitary sewer systems.

Cities and counties may use the greater of \$100,000 or 25 percent of available REET II revenue, not to exceed \$1 million per year, for homeless housing development through June 30, 2019, so long as certain conditions are met.

Summary:

A county or city may use REET II revenue for the planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvements of facilities serving the homeless and affordable housing until January 1, 2026, so long as it documents in its capital facilities plan that it has funds during the next two years for certain capital projects.

The annual amount of REET II revenue a county or city may use for affordable housing and homelessness projects is limited to \$100,000 or 25 percent of available funds, but not to exceed \$1 million, unless the county or city used REET II revenue to provide housing for the homeless prior to June 30, 2019.

Votes on Final Passage:

House	74	24
Senate	34	13

Effective: July 28, 2019