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## Finance Committee

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### HB 1679

**Brief Description:** Authorizing cities planning under the growth management act to impose certain real estate excise taxes by councilmanic action.

**Sponsors:** Representatives Frame, Rude, Jenkin and Doglio.

#### Brief Summary of Bill

- Removes a provision requiring voter approval before a county choosing to plan under the Growth Management Act, and cities within that county, may impose additional real estate excise taxes.

**Hearing Date:** 2/25/19

**Staff:** Richelle Geiger (786-7139).

#### Background:

##### Growth Management Act Participation.

The Growth Management Act (GMA) is the comprehensive land use planning framework for county and city governments in Washington. Enacted in 1990 and 1991, 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.

A county required to fully plan under the GMA is one that either:

- has a population of 50,000 or more and has experienced a population increase of more than 17 percent in the previous 10 years; or
- has experienced a population increase of more than 20 percent in the previous 10 years, regardless of population.

A county choosing to fully plan under the GMA is one that, not meeting the population requirements described above, has adopted a resolution subjecting itself, and cities located in the county, to the full requirements of the GMA (resolution of intention). Once a resolution of

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intention is adopted, the county and its cities become subject to all the GMA planning requirements. Eighteen counties are required to plan under the GMA. Another 10 counties have adopted a resolution of intention.

Real Estate Excise Tax.

Counties and cities are authorized to impose two primary 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. REET I proceeds must be used for allowable capital purposes, which are determined by the size and planning requirements of the county or city.

*REET II.*

The legislative authorities of counties and cities that are required to plan under the GMA 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. With some exceptions, REET II revenue may be used only for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA. "Capital project," as defined in REET II provisions, means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including: streets, roads, highways, and sidewalks; street and road lighting systems; storm and sanitary sewer systems; and planning, constructing, reconstructing, repairing, rehabilitating, or improving parks.

**Summary of Bill:**

The provision requiring REET II voter approval for counties choosing to plan under the GMA, and the cities within those counties, is removed. The legislative authority in these jurisdictions are permitted to impose REET II with councilmanic approval.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.