
HOUSE BILL 1921

State of Washington

66th Legislature

2019 Regular Session

By Representatives Frame, Macri, Tarleton, Ryu, Appleton, Jinkins, Gregerson, Wylie, Valdez, Sells, Doglio, Stonier, Pollet, Dolan, Stanford, Morris, Cody, Peterson, Slatter, Kloba, Walen, and Lekanoff

Read first time 02/06/19. Referred to Committee on Finance.

1 AN ACT Relating to addressing the regressive nature of the
2 Washington state housing market; amending RCW 82.45.060; and creating
3 a new section.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** (1) The legislature finds that Washington
6 faces an unprecedented housing crisis. The legislature further finds
7 that families find it harder than ever to enter the housing market in
8 our state because of the skyrocketing home prices. The legislature
9 further finds the stock of affordable housing is not sufficient to
10 meet demand, amplifying our growing homelessness epidemic. The
11 legislature further finds that part of the solution to these issues
12 is by both increasing the stock of affordable housing while making
13 purchasing affordable housing more attainable. Therefore, it is the
14 intent of the legislature to change the real estate excise tax from a
15 flat rate to a progressive rate structure and invest the resulting
16 additional revenue in affordable housing throughout the state.

17 (2) The legislature finds that the flat real estate excise tax
18 rate structure disproportionately impacts the long-term financial
19 well-being of households with low to middle income and communities of
20 color. The legislature further finds that home equity constitutes the
21 largest share of household net worth for the average American. The

1 legislature further finds that many senior citizens rely on the
2 profits from the sale of their owned home to support themselves in
3 retirement. The legislature concludes that asking for the same rate
4 of real estate excise tax from those who depend on the sale of their
5 home for long-term economic security, and those who do not, is
6 regressive. Therefore, it is the intent of the legislature to make
7 the real estate excise tax structure progressive and address inequity
8 by reducing the tax rate for taxpayers who purchase their property
9 for half a million dollars or less. The legislature estimates
10 seventy-five percent of taxpayers will keep more of the revenue from
11 the sale of their investment.

12 (3) The legislature finds that the housing trust fund supports
13 affordable housing projects in low-income areas. The legislature
14 further finds that the housing trust fund has been effective in
15 developing affordable housing where Washingtonians need it most since
16 1986. The legislature further finds that the housing trust fund has
17 awarded almost one billion dollars to develop affordable housing and
18 helped build or preserve nearly forty-seven thousand units of
19 affordable housing, statewide. Therefore, it is the intent of the
20 legislature to increase the housing trust fund's capacity to be part
21 of the solution to the housing crisis by directing the majority of
22 the new real estate excise tax revenue to the housing trust fund.

23 **Sec. 2.** RCW 82.45.060 and 2017 3rd sp.s. c 10 s 13 are each
24 amended to read as follows:

25 (1) There is imposed an excise tax upon each sale of real
26 property at the ((rate of one and twenty-eight one-hundredths percent
27 of the selling price.)) following rates multiplied by the selling
28 price:

29 (a) Three-quarters percent if the selling price is equal to or
30 less than five hundred thousand dollars, or if the selling price
31 threshold has been adjusted under subsection (3) of this section, the
32 adjusted selling price threshold;

33 (b) One and twenty-eight one-hundredths percent if the selling
34 price is greater than five hundred thousand dollars but equal to or
35 less than one million five hundred thousand dollars, or if the
36 selling price threshold has been adjusted under subsection (3) of
37 this section, the adjusted selling price threshold;

38 (c) Two percent if the selling price is greater than one million
39 five hundred thousand dollars but equal to or less than seven million

1 dollars, or if the selling price threshold has been adjusted under
2 subsection (3) of this section, the adjusted selling price threshold;
3 or

4 (d) Three percent if the selling price is greater than seven
5 million dollars, or if the selling price threshold has been adjusted
6 under subsection (3) of this section, the adjusted selling price
7 threshold.

8 (2)(a) By December 1st of each year, the department must
9 calculate:

10 (i) The proceeds of this tax generated during the most recently
11 completed fiscal year; and

12 (ii) The estimated amount of proceeds this tax would have
13 generated during the most recently completed fiscal year, if the rate
14 of this tax had been one and twenty-eight one-hundredths percent for
15 all taxable transactions during the most recently completed fiscal
16 year.

17 (b) By December 31st of each year, the department must notify the
18 state treasurer of the calculations under this subsection (2).

19 (c)(i) For the amount of proceeds calculated in (a)(ii) of this
20 subsection, beginning July 1, 2013, and ending June 30, 2023, an
21 amount equal to two percent of the proceeds of this tax must be
22 deposited in the public works assistance account created in RCW
23 43.155.050, and an amount equal to four and one-tenth percent must be
24 deposited in the education legacy trust account created in RCW
25 83.100.230. Thereafter, an amount equal to six and one-tenth percent
26 of the proceeds of this tax to the state treasurer must be deposited
27 in the public works assistance account created in RCW 43.155.050.
28 Except as otherwise provided in this section, an amount equal to one
29 and six-tenths percent of the proceeds of this tax to the state
30 treasurer must be deposited in the city-county assistance account
31 created in RCW 43.08.290.

32 (ii) The remaining proceeds that were not distributed in (c)(i)
33 of this subsection must be deposited as follows:

34 (A) Seventy percent must be deposited into the housing trust fund
35 created in RCW 43.185.030; and

36 (B) The remainder must be deposited into the general fund.

37 (3) Beginning July 1, 2022, and every fourth year thereafter:

38 (a) The department must adjust the selling price threshold in
39 subsection (1)(a) of this section to reflect the lesser of the growth
40 of the consumer price index for shelter or five percent. If the

1 growth is less than zero percent, the current selling price threshold
2 continues to apply.

3 (b) The department must adjust the selling price thresholds in
4 subsection (1)(b), (c), and (d) of this section by the dollar amount
5 the selling price threshold in subsection (1)(a) of this section is
6 increased under (a) of this subsection (3).

7 (c) The department must publish updated selling price thresholds
8 by September 1st of every fourth year, beginning September 1, 2022.
9 Updated selling price thresholds will apply beginning January 1st of
10 every fourth year, beginning January 1, 2023. Adjusted selling price
11 thresholds must be rounded to the nearest one thousand dollars.

12 (d) The most recent selling price threshold becomes the base for
13 adjustments in subsequent four-year periods.

14 (e) The department must report the updated selling price
15 thresholds to the fiscal committees of the legislature within six
16 months of publication.

17 (f) The definitions in this subsection apply throughout this
18 section unless the context clearly requires otherwise.

19 (i) "Consumer price index for shelter" means the most current
20 seasonally adjusted index for the shelter expenditure category of the
21 consumer price index for all urban consumers (CPI-U) as published in
22 July by the bureau of labor statistics of the United States
23 department of labor.

24 (ii) "Growth of the consumer price index for shelter" means the
25 percentage increase in the consumer price index for shelter as
26 measured from data published by the bureau of labor statistics of the
27 United States department of labor in July of every fourth year
28 beginning in July 2019 as compared to July of every fourth year
29 beginning in July 2022.

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