

# SENATE BILL REPORT

## SB 6577

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As Reported By Senate Committee On:  
Ways & Means, January 30, 2006

**Title:** An act relating to the electronic administration of the real estate excise tax.

**Brief Description:** Modifying the electronic administration of the real estate excise tax.

**Sponsors:** Senator Prentice; by request of Department of Revenue.

**Brief History:**

**Committee Activity:** Ways & Means: 1/25/06, 1/30/06 [DP].

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### SENATE COMMITTEE ON WAYS & MEANS

**Majority Report:** Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Brandland, Kohl-Welles, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

**Staff:** Dean Carlson (786-7305)

**Background:** The state imposes an excise tax of 1.28 percent on each sale of real property. The tax is usually collected by the treasurer of the county within which the property is located, or in some circumstances by the Department of Revenue. Both the buyer and the seller are required to sign a real estate excise tax (REET) affidavit when a taxable transaction occurs. The affidavit must contain the names and addresses of the buyer and seller, a legal description of the property, a parcel number, and the property selling price.

The county treasurer collects fees when real estate transaction documents are filed with the county. These fees were increased by legislation enacted in 2005. When REET liability is zero or less than \$5, a combined tax and fee of \$5 is collected by the county treasurer. The fee portion of this charge is used to defray the costs of processing tax affidavits. In addition, if the REET is zero or less than \$5, another \$5 fee is collected and deposited in the county electronic technology account.

If the amount of REET due is greater than zero, an additional fee of \$5 is collected by the county treasurer and remitted to the State Treasurer for deposit in the state real estate excise tax electronic technology account. The State Treasurer must distribute the monies in the state account to county treasurers each month. Three-quarters of the money must be equally distributed among all counties, and the rest must be distributed to each county on a pro rata basis based on a county's population. The money received by the county treasurer must be used exclusively for the development and implementation of an electronic processing and reporting system for REET affidavits.

The two \$5 technology fees going into the local and state REET technology accounts expire as of June 30, 2010. Any money remaining in the account on July 1, 2015, reverts to the county capital improvements fund.

To the extent of monies appropriated for the purpose, the Department of Revenue administers a grant program for counties to assist in the development, implementation, and maintenance of an electronic processing and reporting system for real estate excise tax affidavits. The grants may be used for new or improved computer hardware and software. No county is eligible for grants totaling more than \$100,000.

County treasurers are required to pay state REET revenue to the State Treasurer by 5 p.m. on the last working day of each month.

**Summary of Bill:** Fees collected by the county treasurer for real estate transaction documents are revised. When REET liability is zero or less than \$5, a combined tax and fee of \$5 is collected by the county treasurer. The fee portion of this charge is used to defray the costs of processing tax affidavits. An additional fee of \$5 is imposed on all real estate transactions, whether tax is due or not, and remitted to the State Treasurer for deposit in the state real estate excise tax electronic technology account. Distributions and use of money from this state account are not changed. The separate \$5 fee for the county treasurer's real estate excise tax electronic technology account is eliminated.

The Department of Revenue shall not award grants for expenditures made by a county with funds from the \$5 fee for real estate excise tax affidavit electronic processing and reporting that is distributed to the counties by the State Treasurer.

County treasurers are required to pay state REET revenue to the State Treasurer by noon on the last working day of each month.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.

**Testimony For:** The bill is making technical corrections to last year's bill. First, it insures only one \$5 fee applies to a single transaction. Secondly, it makes sure that counties do not receive double reimbursement for technology expenses. The last thing is that it bumps up the time REET funds are transferred to the State Treasurer. Last year, late in the session, one word came back into the bill and caused some confusion on how the fee structure works. Our intent was to cap the fee at \$10. The other provisions of the bill have been worked out.

**Testimony Against:** None.

**Who Testified:** PRO: Gil Brewer, Dept. Of Revenue; Ron Strebbling, Grays Harbor County Treasurer.