

SENATE BILL REPORT

SB 6074

As of February 5, 2018

Title: An act relating to recording documents related to the inheritance exemption for the real estate excise tax.

Brief Description: Concerning recording documents related to the inheritance exemption for the real estate excise tax.

Sponsors: Senator Takko.

Brief History:

Committee Activity: Local Government: 1/11/18.

Brief Summary of Bill

- Removes the requirement that supplemental certified copies of documents provided to the county treasurer when recording a deed be also recorded with the county auditor.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Staff: Bonnie Kim (786-7316)

Background: Real Estate Excise Tax. The sale of real property is subject to the real estate excise tax (REET). The tax base is the selling price of the real property, without any deduction for mortgages, liens, or other debts. The tax is typically paid by the seller. A transfer of controlling interests in entities that own property in Washington is also subject to the REET.

The state REET rate is a flat 1.28 percent. The state revenue is distributed, through June 30, 2019, as follows: 98 percent to the state General Fund, 2 percent to the Public Works Assistance Account, 4.1 percent to the Education Legacy Trust Account, and 1.6 percent to the City/County Assistance Fund.

Local governments are also authorized to impose a REET. Cities and counties are authorized to impose a 0.25 percent REET to finance capital improvements or capital projects specified in a comprehensive plan. A city and county may also impose a 0.5 percent REET for general

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purposes, so long as the city or county does not impose the optional 0.5 percent retail sales tax. In addition, a county may impose a 1 percent REET to finance the acquisition and maintenance of conservation areas, and 0.5 percent to finance the acquisition, construction, and operation of affordable housing for low to moderate income persons, or persons with special needs.

REET Exceptions. For REET purposes, "sale" means any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property. There are several statutory exclusions to the definition of "sale" for REET purposes, including transfers by gift, devise, and inheritance. If the property is transferred under the terms of a probated will, a certified copy of the letters testamentary or in the case of intestate administration, a certified copy of the letters of administration showing that the grantor is the court-appointed executor or administrator, must be provided to the county treasurer. All documents provided to the county treasurer must be recorded with the county treasurer.

Summary of Bill: The requirement that all documentation provided to the county treasurer be also recorded with the county auditor is eliminated.

Appropriation: None.

Fiscal Note: Requested on January 8, 2018.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony: PRO: The counties are inconsistent as to whether these supplemental documents are required to be recorded with county auditor's office. This issue may be resolved by educating attorneys and county employees.

Persons Testifying: PRO: Senator Dean Takko, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.