

CERTIFICATION OF ENROLLMENT
SECOND SUBSTITUTE HOUSE BILL 1240

Chapter 480, Laws of 2005

59th Legislature
2005 Regular Session

REAL ESTATE EXCISE TAX

EFFECTIVE DATE: 7/1/05

Passed by the House April 20, 2005
Yeas 52 Nays 46

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 23, 2005
Yeas 26 Nays 22

BRAD OWEN

President of the Senate

Approved May 16, 2005.

CHRISTINE GREGOIRE

Governor of the State of Washington

CERTIFICATE

I, Richard Nafziger, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SECOND SUBSTITUTE HOUSE BILL 1240** as passed by the House of Representatives and the Senate on the dates hereon set forth.

RICHARD NAFZIGER

Chief Clerk

FILED

May 16, 2005 - 10:44 a.m.

**Secretary of State
State of Washington**

SECOND SUBSTITUTE HOUSE BILL 1240

Passed Legislature - 2005 Regular Session

State of Washington 59th Legislature 2005 Regular Session

By House Committee on Finance (originally sponsored by
Representatives Kessler and DeBolt)

READ FIRST TIME 04/19/05.

1 AN ACT Relating to real estate excise tax fees and electronic
2 processing of affidavits; amending RCW 82.45.180; adding new sections
3 to chapter 82.45 RCW; creating a new section; making an appropriation;
4 providing an effective date; and declaring an emergency.

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

6 NEW SECTION. **Sec. 1.** (1) It is the legislature's intent to
7 provide funding for the development and implementation of an automated
8 system for the electronic processing of the real estate excise tax.
9 The legislature finds that due to the numerous users of the real estate
10 excise tax information, and the many entities involved in its work
11 flow, county systems must be compatible with the automated system
12 developed by the state department of revenue.

13 (2) The legislature finds that under current law an electronic real
14 estate excise tax affidavit that is signed with a digital signature
15 under chapter 19.34 RCW is a legally valid document and, pursuant to
16 RCW 5.46.010, electronic facsimiles, scanned signatures, and digital
17 and other electronic conversions of written signatures satisfy the
18 signature component of the affidavit requirement under this act.

1 **Sec. 2.** RCW 82.45.180 and 1998 c 106 s 11 are each amended to read
2 as follows:

3 (1)(a) For taxes collected by the county under this chapter, the
4 county treasurer shall collect a (~~two-dollar~~) five-dollar fee on all
5 transactions required by this chapter where the transaction does not
6 require the payment of tax. A total of (~~two~~) five dollars shall be
7 collected in the form of a tax and fee, where the calculated tax
8 payment is less than (~~two~~) five dollars. Through June 30, 2010, the
9 county treasurer shall collect an additional five-dollar fee on all
10 transactions required by this chapter where the transaction does not
11 require the payment of a tax, and on all taxable transactions required
12 by this chapter where the calculated tax payment is less than five
13 dollars. This additional five-dollar fee shall be deposited in the
14 county treasurer's real estate excise tax electronic technology
15 account. Through June 30, 2006, the county treasurer shall place one
16 percent of the (~~proceeds of the tax imposed by~~) taxes collected by
17 the county under this chapter and the treasurer's fee in the county
18 current expense fund to defray costs of collection (~~and~~). After June
19 30, 2006, the county treasurer shall place one and three-tenths percent
20 of the taxes collected by the county under this chapter and the
21 treasurer's fee in the county current expense fund to defray costs of
22 collection. For taxes collected by the county under this chapter
23 before July 1, 2006, the county treasurer shall pay over to the state
24 treasurer and account to the department of revenue for the (~~remainder~~
25 of the)) proceeds at the same time the county treasurer remits funds to
26 the state under RCW 84.56.280. For taxes collected by the county under
27 this chapter after June 30, 2006, on a monthly basis the county
28 treasurer shall pay over to the state treasurer the month's
29 transmittal. The month's transmittal must be received by the state
30 treasurer by 5:00 p.m. on the last working day of each month. The
31 county treasurer shall account to the department for the month's
32 transmittal by the twentieth day of the month following the month in
33 which the month's transmittal was paid over to the state treasurer.
34 The state treasurer shall deposit the proceeds in the general fund for
35 the support of the common schools.

36 (b) For purposes of this subsection, the definitions in this
37 subsection apply.

1 (i) "Close of business" means the time when the county treasurer
2 makes his or her daily deposit of proceeds.

3 (ii) "Month's transmittal" means all proceeds deposited by the
4 county through the close of business of the day that is two working
5 days before the last working day of the month. This definition of
6 "month's transmittal" shall not be construed as requiring any change in
7 a county's practices regarding the timing of its daily deposits of
8 proceeds.

9 (iii) "Proceeds" means moneys collected and receipted by the county
10 from the taxes imposed by this chapter, less the county's share of the
11 proceeds used to defray the county's costs of collection allowable in
12 (a) of this subsection.

13 (iv) "Working day" means a calendar day, except Saturdays, Sundays,
14 and all legal holidays as provided in RCW 1.16.050.

15 (2) For taxes collected by the department of revenue under this
16 chapter, the department shall remit the tax to the state treasurer who
17 shall deposit the proceeds of any state tax in the general fund for the
18 support of the common schools. The state treasurer shall deposit the
19 proceeds of any local taxes imposed under chapter 82.46 RCW in the
20 local real estate excise tax account hereby created in the state
21 treasury. Moneys in the local real estate excise tax account may be
22 spent only for distribution to counties, cities, and towns imposing a
23 tax under chapter 82.46 RCW. Except as provided in RCW 43.08.190, all
24 earnings of investments of balances in the local real estate excise tax
25 account shall be credited to the local real estate excise tax account
26 and distributed to the counties, cities, and towns monthly. Monthly
27 the state treasurer shall make distribution from the local real estate
28 excise tax account to the counties, cities, and towns the amount of tax
29 collected on behalf of each taxing authority. The state treasurer
30 shall make the distribution under this subsection without
31 appropriation.

32 (3)(a) The real estate excise tax electronic technology account is
33 created in the custody of the state treasurer. An appropriation is not
34 required for expenditures and the account is not subject to allotment
35 procedures under chapter 43.88 RCW.

36 (b) Through June 30, 2010, the county treasurer shall collect an
37 additional five-dollar fee on all taxable transactions required by this
38 chapter. The county treasurer shall remit this fee to the state

1 treasurer at the same time the county treasurer remits funds to the
2 state under subsection (1) of this section. The state treasurer shall
3 place money from this fee in the real estate excise tax electronic
4 technology account. By the twentieth day of the subsequent month, the
5 state treasurer shall distribute to each county treasurer according to
6 the following formula: Three-quarters of the funds available shall be
7 equally distributed among the thirty-nine counties; and the balance
8 shall be ratably distributed among the counties in direct proportion to
9 their population as it relates to the total state's population based on
10 most recent statistics by the office of financial management.

11 (c) When received by the county treasurer, the funds shall be
12 placed in a special real estate excise tax electronic technology fund
13 held by the county treasurer to be used exclusively for the
14 development, implementation, and maintenance of an electronic
15 processing and reporting system for real estate excise tax affidavits.
16 Funds may be expended to make the system compatible with the automated
17 real estate excise tax system developed by the department and
18 compatible with the processes used in the offices of the county
19 assessor and county auditor. Any funds held in the account that are
20 not expended by July 1, 2015, revert to the county capital improvements
21 fund in accordance with RCW 82.46.010.

22 NEW SECTION. Sec. 3. A new section is added to chapter 82.45 RCW
23 to read as follows:

24 (1) The real estate excise tax grant account is created in the
25 state treasury. Moneys in the account may be spent only after
26 appropriation. Expenditures from the account may be used only for
27 grants authorized under section 4 of this act in the manner provided
28 for in section 4 of this act.

29 (2) Any funds remaining in the real estate excise tax grant account
30 on July 1, 2010, shall be deposited in the general fund.

31 NEW SECTION. Sec. 4. A new section is added to chapter 82.45 RCW
32 to read as follows:

33 (1) To the extent that funds are appropriated, the department shall
34 administer a grant program for counties to assist in the development,
35 implementation, and maintenance of an electronic processing and
36 reporting system for real estate excise tax affidavits that is

1 compatible with the automated real estate excise tax system developed
2 by the department, and to assist in complying with the requirements of
3 RCW 82.45.180(1).

4 (2) Subject to the limit in subsection (3) of this section, the
5 amount of the grant shall be equal to the amount paid by a county to:

6 (a) Purchase computer hardware or software, or to repair or upgrade
7 existing computer hardware or software, used for the electronic
8 processing and reporting of real estate excise tax affidavits and that
9 is compatible with the automated real estate excise tax system
10 developed by the department; and

11 (b) Make changes to existing software that are necessary to comply
12 with the requirements of RCW 82.45.180(1).

13 (3) No county is eligible for grants under this section totaling
14 more than one hundred thousand dollars.

15 (4) No more than three million nine hundred thousand dollars in
16 grants may be awarded under this section.

17 (5) The source of funds for this grant program is the real estate
18 excise tax grant account created in section 3 of this act.

19 NEW SECTION. **Sec. 5.** The sum of three million nine hundred
20 thousand dollars, or as much thereof as may be necessary, is
21 appropriated for the fiscal year ending June 30, 2006, from the general
22 fund to the real estate excise tax grant account for the purposes of
23 section 4 of this act.

24 NEW SECTION. **Sec. 6.** This act is necessary for the immediate
25 preservation of the public peace, health, or safety, or support of the
26 state government and its existing public institutions, and takes effect
27 July 1, 2005.

Passed by the House April 20, 2005.
Passed by the Senate April 23, 2005.
Approved by the Governor May 16, 2005.
Filed in Office of Secretary of State May 16, 2005.