
Local Government Committee

HB 1232

Brief Description: Clarifying that certain local government real estate excise tax proceeds may be used for the acquisition of equipment and software related to business applications.

Sponsors: Representatives Hunt, Alexander, Curtis, Simpson, Chandler, Armstrong and Appleton.

Brief Summary of Bill

- Authorizes cities and counties to use proceeds from locally imposed real estate excise taxes (REET) on qualifying equipment, facilities, and software used in connection with improvements, systems, facilities, or projects for which locally imposed REET revenues may be used.

Hearing Date: 1/23/07

Staff: Ethan Moreno (786-7386).

Background:

County legislative authorities may impose an excise tax on each sale of real property in unincorporated areas of the county. Similarly, city legislative authorities also may impose an excise tax on each sale of real property within the city's corporate limits. The rate of these real estate excise taxes (REET) may not exceed 0.25 percent of the selling price.

Cities and counties with 5,000 or fewer residents and cities and counties that do not fully plan under the Growth Management Act (GMA) may use local REET revenues only for capital purposes identified in a capital improvements plan and for local capital improvements. Counties with more than 5,000 residents and cities with more than 5,000 residents that fully plan under the GMA may use local REET revenues only for financing qualifying capital projects, as that term defined in statute, and for housing relocation assistance. Exceptions to these expenditure limits are specified in statute for projects that use revenues pledged or committed by counties and cities to prior to April 30, 1992.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

"Capital project" means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including:

- Streets;
- Domestic water systems;
- Recreational facilities; and
- Administrative and/or judicial facilities.

Summary of Bill:

"Capital purposes" and "local capital improvements" for which locally imposed REET revenues may be used include specific information processing equipment and related physical facilities, and software, regardless of its expected useful life, used by a city or county in the regular course of business in connection with an improvement for which locally imposed REET revenues may be used. These REET expenditure authorizations are not conditioned by whether the city or county financed the improvement using proceeds from a locally imposed REET.

The definition of "capital project" is amended to specify, in part, that these projects include include specific information processing equipment and related physical facilities, and software, regardless of its expected useful life, used by a city or county in the regular course of business in connection with systems, facilities, or projects for which locally imposed REET revenues may be used. These REET expenditure authorizations are not conditioned by whether the city or county financed the system, facility, or project using proceeds from a locally imposed REET.

Appropriation: None.

Fiscal Note: Not requested.

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