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SENATE BILL 5753

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State of Washington

61st Legislature

2009 Regular Session

By Senators Berkey, Benton, Hobbs, Sheldon, Marr, and Kline

Read first time 01/30/09. Referred to Committee on Financial Institutions, Housing & Insurance.

1 AN ACT Relating to real estate excise tax exemptions to stabilize  
2 neighborhoods; adding new sections to chapter 82.45 RCW; creating a new  
3 section; and providing expiration dates.

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

5 NEW SECTION. **Sec. 1.** The legislature finds that there is a  
6 substantial inventory of unsold or foreclosed vacant homes on the  
7 market that is driving property values down and destabilizing  
8 neighborhoods. These homes also present an opportunity to provide  
9 affordable homes to low-income families, addressing some of the unmet  
10 need for affordable housing in the state of Washington. The  
11 legislature also finds that providing targeted incentives to housing  
12 developers will stimulate the sale of these vacant homes to low-income  
13 buyers now and stabilize neighborhoods affected by this growing  
14 inventory. The legislature intends to provide such incentives through  
15 excise tax relief on sales of homes to low-income first-time  
16 homebuyers.

17 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.45 RCW  
18 to read as follows:

1 (1) A sale of a qualifying residential housing unit by a qualifying  
2 seller to a qualifying buyer is exempt from tax under this chapter.

3 (2) In addition to the other requirements of this section, the  
4 buyer must: (a) Submit a copy of his or her federal tax return for the  
5 prior calendar year and any other documentation the department may  
6 require; and (b) acquire the property through a thirty-year fixed-rate  
7 mortgage.

8 (3) The department must provide on its web site the income limits  
9 to qualify as a qualifying buyer, classified by county and family size.

10 (4) When the amount of state real estate excise taxes exempted  
11 under this section exceeds one million dollars in any fiscal year, the  
12 department must contact all county treasurers to notify them that the  
13 exemption authorized under this section must be disallowed beginning on  
14 the first day of the second month following the transmittal month to  
15 the state treasurer under RCW 82.45.180 where the one million dollar  
16 limit was determined by the department to be exceeded. The  
17 disallowance of the exemption under this subsection applies for the  
18 remainder of the state fiscal year unless the effective date of the  
19 disallowance occurs in the following fiscal year, in which case this  
20 subsection does not apply.

21 (5) The definitions in this subsection apply to this section.

22 (a) "Combined disposable income" means the disposable income of the  
23 person claiming the exemption, plus the disposable income of his or her  
24 spouse or domestic partner, and the disposable income of each cotenant  
25 occupying the residence for the assessment year.

26 (b) "Disposable income" means adjusted gross income as defined in  
27 the federal internal revenue code, as amended prior to January 1, 2009,  
28 or such subsequent date as the director may provide by rule consistent  
29 with the purpose of this section.

30 (c) "Qualifying buyer" means an individual or his or her spouse or  
31 domestic partner who has not owned a home during the three-year period  
32 prior to purchase of a home, with a combined disposable income for the  
33 prior calendar year at or below eighty percent of the median family  
34 income for the prior year in the county where the project is located,  
35 as adjusted for family size and reported by the United States  
36 department of housing and urban development, and the individual and his  
37 or her spouse or domestic partner has completed a financial education

1 class consistent with standards adopted by the Washington state housing  
2 finance commission.

3 (d) "Qualifying residential housing unit" means a new residential  
4 housing unit or a residential housing unit that has been foreclosed and  
5 is unoccupied due to the foreclosure.

6 (e) "Qualifying seller" means a person registered under RCW  
7 82.32.030 who is primarily engaged in the business of building of  
8 rehabilitating residential housing units.

9 (f) "Residential housing unit" or "unit" means a single-family  
10 home, condominium, or townhome, and includes the land upon which the  
11 home, condominium, or townhome is located.

12 (6) An exemption may not be claimed under this section for sales  
13 occurring on or after January 1, 2013.

14 (7) This section expires July 1, 2013.

15 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.45 RCW  
16 to read as follows:

17 (1)(a) A sale to a qualifying organization where the organization  
18 is exercising an option to repurchase the property is exempt from tax  
19 under this chapter.

20 (b) A sale by a qualifying organization to a qualifying buyer is  
21 exempt from tax under this chapter.

22 (2) The definitions in this subsection apply to this section.

23 (a) "Qualifying buyer" has the same meaning as provided in section  
24 1 of this act.

25 (b) "Qualifying organization" means a nonprofit organization  
26 registered under RCW 82.32.030 that is primarily engaged in the  
27 business of building or rehabilitating residential housing units.

28 (3) An exemption may not be claimed under this section for sales  
29 occurring on or after January 1, 2013.

30 (4) This section expires July 1, 2013.

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