

FINAL BILL REPORT

ESHB 2919

FULL VETO

Synopsis as Enacted

Brief Description: Adjusting the amount and use of county fees on the real estate excise tax.

Sponsors: House Committee on Finance (originally sponsored by Representatives Chopp and Tharinger).

House Committee on Finance
Senate Committee on Housing Stability & Affordability
Senate Committee on Ways & Means

Background:

Graduated Real Estate Excise Tax.

Real estate excise tax (REET) is a tax on the sale of real estate. The REET is typically paid by the seller of the property, although the buyer is liable for the tax if it is not paid. The tax applies to the seller. The tax also applies to transfers of controlling interests (50 percent or more) in entities that own property in the state.

Beginning January 1, 2020, the REET is imposed at the following rates:

- 1.1 percent if the selling price is equal to or less than \$500,000;
- 1.28 percent on the portion of the selling price that is greater than \$500,000, but equal to or less than \$1,500,000;
- 2.75 percent on the portion of the selling price that is greater than \$1,500,000, but equal to or less than \$3,000,000; and
- 3 percent on the portion of the selling price that is greater than \$3,000,000.

A rate of 1.28 percent is imposed on the sale of undeveloped land, timberland, agricultural land, and water or mineral rights, regardless of selling price.

Revenue Distributions.

Beginning January 1, 2020, and ending June 30, 2023, the REET revenue distributions must be as follows:

- 1.7 percent must be deposited in the Public Works Assistance Account;
- 1.4 percent must be deposited in the City-County Assistance Account;
- 79.4 percent must be deposited in the State General Fund; and
- the remaining amount must be deposited in the Education Legacy Trust Account.

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.

Beginning July 1, 2023, and thereafter, the REET revenue distributions to the Public Works Assistance Account increases to 5.2 percent.

The county treasurer retains 1.3 percent of the REET collected by the county, along with the treasurer's fee of \$5, to defray the costs of collection. These funds are deposited in the county's current expense account.

Summary:

The amount of the REET revenue that must be retained by the county treasurer to defray the cost of collection is increased to 1.48 percent of the REET revenue collected if the county has a population of less than 400,000.

In a county with a population greater than 2 million, the county treasurer must deposit 75 percent of the amount of REET taxes retained into the county current expense account to offset the costs of collection. The remaining 25 percent of the REET taxes retained by the county may be used for operations and maintenance of permanent supportive housing programs in the county.

Votes on Final Passage:

House	98	0	
Senate	46	2	(Senate amended)
House	97	0	(House concurred)