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**SUBSTITUTE SENATE BILL 5609**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Senate Housing (originally sponsored by Senators Braun, Kuderer, Gildon, Dozier, Fortunato, Liias, Lovick, and L. Wilson)

AN ACT Relating to establishing housing approval requirements that will eliminate Washington's housing shortage; amending RCW 82.45.180; and adding a new title to the Revised Code of Washington.

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

NEW SECTION. **Sec.**  (1) The legislature finds that Washington has a severe homelessness crisis and housing shortage. By some estimates, our state has a shortage of more than 200,000 homes. While many policy proposals have been offered in good faith as solutions to the housing shortage, the stubborn truth is that Washington simply needs more housing.

(2) Local governments will have to play a key role in eliminating Washington's housing shortage because local governments often exercise approval authority over new home construction. Additionally, the legislature recognizes that state laws may constrain local governments' ability to approve construction of new housing. Both levels of government should work together to create public policies that help the residents of Washington have a residence in Washington.

(3) The legislature intends to prompt local and state government to promote the construction of new homes and end the housing shortage over the next 10 years.

NEW SECTION. **Sec.**  (1) Every county, city, and town that has authority to approve or deny permits or other similar approvals necessary for the construction of new homes shall approve the construction of enough new homes to eliminate the county, city, or town's proportional share of Washington's total housing shortage, as calculated under subsection (2) of this section, through 2033.

(2) The department of commerce is responsible for establishing each county, city, and town's proportional share of Washington's total housing shortage using the best available data. Best available data must include analyses and projections produced by private sector sources with expertise in housing supply trends, and may include data collected under other programs including, but not limited to, data collected under chapter 36.70A RCW. The department shall complete its calculation no later than April 1, 2024, and shall report the number of new homes that must be created in each county, city, and town through 2033 in order to eliminate Washington's total housing shortage. The department shall also post the same information to the department's public website no later than May 1, 2024.

(3) Beginning May 1, 2024, a county, city, or town that is subject to the requirements of this section shall regularly evaluate its locally enacted codes, ordinances, plans, and regulations to determine whether its locally enacted requirements related to the construction of new homes will impede the county, city, or town's ability to eliminate its proportional share of Washington's total housing shortage by 2033. Where a county, city, or town determines that its locally enacted requirements will stand as an impediment, the county, city, or town is encouraged to amend its locally enacted requirements to remove the impediments.

(4) Nothing in this section shall be construed to abrogate or supersede any other provision of the Revised Code of Washington. However, when a county, city, or town identifies a state-enacted requirement that will impede the county, city, or town's ability to approve the construction of a sufficient number of new homes to eliminate the county, city, or town's proportional share of Washington's total housing shortage by 2033, the county, city, or town shall report its findings to the department of commerce. The department shall regularly forward such reports to the governor, lieutenant governor, chief clerk of the house of representatives, and secretary of the senate.

(5) The legislature intends to review the reports received under subsection (4) of this section and take appropriate action to amend state-enacted requirements for the purpose of ensuring that counties, cities, and towns subject to this section will be able to eliminate their proportional share of Washington's total housing shortage by 2033.

**Sec.**  RCW 82.45.180 and 2013 c 251 s 11 are each amended to read as follows:

(1)(a) For taxes collected by the county under this chapter, the county treasurer shall collect a ((~~five dollar~~)) $5 fee on all transactions required by this chapter where the transaction does not require the payment of tax. A total of five dollars shall be collected in the form of a tax and fee, where the calculated tax payment is less than ((~~five dollars~~)) $5. Through June 30, 2006, the county treasurer shall place one percent of the taxes collected by the county under this chapter and the treasurer's fee in the county current expense fund to defray costs of collection. After June 30, 2006, the county treasurer shall place one and three-tenths percent of the taxes collected by the county under this chapter and the treasurer's fee in the county current expense fund to defray costs of collection. For taxes collected by the county under this chapter before July 1, 2006, the county treasurer shall pay over to the state treasurer and account to the department of revenue for the proceeds at the same time the county treasurer remits funds to the state under RCW 84.56.280. For taxes collected by the county under this chapter after June 30, 2006, on a monthly basis the county treasurer shall pay over to the state treasurer the month's transmittal. The month's transmittal must be received by the state treasurer by 12:00 p.m. on the last working day of each month. The county treasurer shall account to the department for the month's transmittal by the ((~~twentieth~~)) 20th day of the month following the month in which the month's transmittal was paid over to the state treasurer. The state treasurer shall deposit the proceeds in the general fund.

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

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

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

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

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

(2)(a) For taxes collected by the department of revenue under this chapter, the department shall remit the tax to the state treasurer who shall deposit the proceeds of any state tax in the general fund. The state treasurer shall deposit the proceeds of any local taxes imposed under chapter 82.46 RCW in the local real estate excise tax account hereby created in the state treasury. Moneys in the local real estate excise tax account may be spent only for distribution to counties, cities, and towns imposing a tax under chapter 82.46 RCW. Except as provided in RCW 43.08.190 and (b) of this subsection, all earnings of investments of balances in the local real estate excise tax account shall be credited to the local real estate excise tax account and distributed to the counties, cities, and towns monthly. Monthly the state treasurer shall make distribution from the local real estate excise tax account to the counties, cities, and towns the amount of tax collected on behalf of each taxing authority. The state treasurer shall make the distribution under this subsection without appropriation.

(b) No earnings of investments of balances in the local real estate excise tax account may be distributed to a county, city, or town that does not comply with the conditions and requirements under section 2 of this act.

(3)(a) Through June 30, 2010, the county treasurer shall collect an additional five dollar fee on all transactions required by this chapter, regardless of whether the transaction requires the payment of tax. The county treasurer shall remit this fee to the state treasurer at the same time the county treasurer remits funds to the state under subsection (1) of this section. The state treasurer shall place money from this fee in the general fund. By the ((~~twentieth~~)) 20th day of the subsequent month, the state treasurer shall distribute to each county treasurer according to the following formula: Three-quarters of the funds available shall be equally distributed among the ((~~thirty-nine~~)) 39 counties; and the balance shall be ratably distributed among the counties in direct proportion to their population as it relates to the total state's population based on most recent statistics by the office of financial management.

(b) When received by the county treasurer, the funds shall be placed in a special real estate excise tax electronic technology fund held by the county treasurer to be used exclusively for the development, implementation, and maintenance of an electronic processing and reporting system for real estate excise tax affidavits. Funds may be expended to make the system compatible with the automated real estate excise tax system developed by the department and compatible with the processes used in the offices of the county assessor and county auditor. Any funds held in the account that are not expended by the earlier of: July 1, 2015, or at such time that the county treasurer is utilizing an electronic processing and reporting system for real estate excise tax affidavits compatible with the department and compatible with the processes used in the offices of the county assessor and county auditor, revert to the special real estate and property tax administration assistance account in accordance with subsection (5)(c) of this section.

(4) Beginning July 1, 2010, through December 31, 2013, the county treasurer shall continue to collect the additional ((~~five dollar~~)) $5 fee in subsection (3) of this section on all transactions required by this chapter, regardless of whether the transaction requires the payment of tax. During this period, the county treasurer shall remit this fee to the state treasurer at the same time the county treasurer remits funds to the state under subsection (1) of this section. The state treasurer shall place money from this fee in the annual property revaluation grant account created in RCW 84.41.170.

(5)(a) The real estate and property tax administration assistance account is created in the custody of the state treasurer. An appropriation is not required for expenditures and the account is not subject to allotment procedures under chapter 43.88 RCW.

(b) Beginning January 1, 2014, the county treasurer must continue to collect the additional ((~~five dollar~~)) $5 fee in subsection (3) of this section on all transactions required by this chapter, regardless of whether the transaction requires the payment of tax. The county treasurer shall deposit one-half of this fee in the special real estate and property tax administration assistance account in accordance with (c) of this subsection and remit the balance to the state treasurer at the same time the county treasurer remits funds to the state under subsection (1) of this section. The state treasurer must place money from this fee in the real estate and property tax administration assistance account. By the twentieth day of the subsequent month, the state treasurer must distribute the funds to each county treasurer according to the following formula: One-half of the funds available must be equally distributed among the ((~~thirty-nine~~)) 39 counties; and the balance must be ratably distributed among the counties in direct proportion to their population as it relates to the total state's population based on most recent statistics by the office of financial management.

(c) When received by the county treasurer, the funds must be placed in a special real estate and property tax administration assistance account held by the county treasurer to be used for:

(i) Maintenance and operation of an annual revaluation system for property tax valuation; and

(ii) Maintenance and operation of an electronic processing and reporting system for real estate excise tax affidavits.

NEW SECTION. **Sec.**  Sections 1 and 2 of this act constitute a new chapter in a new title in the Revised Code of Washington.

**--- END ---**