
Finance Committee

HB 1650

Brief Description: Concerning the addition of airport capital projects as an allowable use of local real estate excise tax revenues.

Sponsors: Representatives Dent, Fey, Barkis, Bronoske, Eslick, Zahn and Graham.

<p style="text-align: center;">Brief Summary of Bill</p> <ul style="list-style-type: none">• Adds small airports to the definition of capital projects that are allowable uses of local real estate excise tax revenue.
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Hearing Date: 2/13/25

Staff: Kristina King (786-7190).

Background:

Real Estate Excise Tax.

Real Estate Excise Tax (REET) applies to real estate transactions including the sale of property and the transfer of controlling interest in property. The rate applies to the selling price and is usually paid by the seller. The REET is due and payable to the county treasurer in which the property is located on the date of the sale, regardless of the date of recording, except in a controlling interest transfer. The REET is imposed at the following rates:

- 1.1 percent if the selling price is equal to or less than \$525,000;
- 1.28 percent on the portion of the selling price that is greater than \$525,000 but equal to or less than \$1.525 million;
- 2.75 percent on the portion of the selling price that is greater than \$1.525 million but equal to or less than \$3.025 million; and
- 3 percent on the portion of the selling price that is greater than \$3.025 million.

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

Local governments are authorized to impose a local REET in addition to the state rate. The two main local REET options are:

- REET 1: A local government may levy a 0.25 percent REET. The revenues from REET 1 are primarily to be used for capital projects and limited maintenance.
- REET 2: An additional 0.25 percent REET may be imposed by cities and counties that are fully planning under the Growth Management Act.

Local REET capital projects are local government public works projects for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of:

- streets, roads, highways, and sidewalks;
- street and road lighting systems and traffic signals;
- bridges, domestic water systems, storm and sanitary sewer systems;
- judicial, parks and recreational, administrative, law enforcement, and fire protection facilities;
- trails and libraries;
- certain housing projects;
- river flood control projects and certain other waterway flood control projects; and
- technology infrastructure that is integral to the capital project

Additionally, there are several other local REET options for local governments:

- a local government not levying the optional 0.5 percent sales tax under RCW 82.14.030 may levy an additional local REET of up to 0.5 percent;
- a county may impose an additional local REET of up to 1 percent for the acquisition and maintenance of conservation areas; and
- a county that imposed the full 1 percent for conservation areas prior to January 1, 2003, may also impose a local REET of up to 0.5 percent for affordable housing.

Summary of Bill:

Airports with less than 10,000 annual enplanements as determined by the most recent enplanement data published by the Federal Aviation Administration are included under the definition of capital projects for which local REET 1 and 2 revenues can be used.

Appropriation: None.

Fiscal Note: Requested on February 4, 2025.

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