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**HOUSE BILL 1791**

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**State of Washington**

**69th Legislature**

**2025 Regular Session**

**By** Representatives Paul, Low, Ramel, Peterson, Nance, Springer, and Leavitt

Read first time 02/03/25. Referred to Committee on Finance.

1 AN ACT Relating to increasing the flexibility of existing funding  
2 sources to fund public safety and other facilities by modifying the  
3 local real estate excise tax; amending RCW 82.45.010, 82.45.010,  
4 82.46.010, 82.46.015, 82.46.035, and 82.46.037; creating a new  
5 section; providing an effective date; and providing an expiration  
6 date.

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

8 **Sec. 1.** RCW 82.45.010 and 2022 c 199 s 3 are each amended to  
9 read as follows:

10 (1) As used in this chapter, the term "sale" has its ordinary  
11 meaning and includes any conveyance, grant, assignment, quitclaim, or  
12 transfer of the ownership of or title to real property, including  
13 standing timber, or any estate or interest therein for a valuable  
14 consideration, and any contract for such conveyance, grant,  
15 assignment, quitclaim, or transfer, and any lease with an option to  
16 purchase real property, including standing timber, or any estate or  
17 interest therein or other contract under which possession of the  
18 property is given to the purchaser, or any other person at the  
19 purchaser's direction, and title to the property is retained by the  
20 vendor as security for the payment of the purchase price. The term

1 also includes the grant, assignment, quitclaim, sale, or transfer of  
2 improvements constructed upon leased land.

3 (2) (a) The term "sale" also includes the transfer or acquisition  
4 within any (~~(thirty-six)~~) 36 month period of a controlling interest  
5 in any entity with an interest in real property located in this state  
6 for a valuable consideration.

7 (b) For the sole purpose of determining whether, pursuant to the  
8 exercise of an option, a controlling interest was transferred or  
9 acquired within a (~~(thirty-six)~~) 36 month period, the date that the  
10 option agreement was executed is the date on which the transfer or  
11 acquisition of the controlling interest is deemed to occur. For all  
12 other purposes under this chapter, the date upon which the option is  
13 exercised is the date of the transfer or acquisition of the  
14 controlling interest.

15 (c) For purposes of this subsection, all acquisitions of persons  
16 acting in concert must be aggregated for purposes of determining  
17 whether a transfer or acquisition of a controlling interest has taken  
18 place. The department must adopt standards by rule to determine when  
19 persons are acting in concert. In adopting a rule for this purpose,  
20 the department must consider the following:

21 (i) Persons must be treated as acting in concert when they have a  
22 relationship with each other such that one person influences or  
23 controls the actions of another through common ownership; and

24 (ii) When persons are not commonly owned or controlled, they must  
25 be treated as acting in concert only when the unity with which the  
26 purchasers have negotiated and will consummate the transfer of  
27 ownership interests supports a finding that they are acting as a  
28 single entity. If the acquisitions are completely independent, with  
29 each purchaser buying without regard to the identity of the other  
30 purchasers, then the acquisitions are considered separate  
31 acquisitions.

32 (3) The term "sale" does not include:

33 (a) A transfer by gift, devise, or inheritance.

34 (b) A transfer by transfer on death deed, to the extent that it  
35 is not in satisfaction of a contractual obligation of the decedent  
36 owed to the recipient of the property.

37 (c) A transfer of any leasehold interest other than of the type  
38 mentioned above.

39 (d) A cancellation or forfeiture of a vendee's interest in a  
40 contract for the sale of real property, whether or not such contract

1 contains a forfeiture clause, or deed in lieu of foreclosure of a  
2 mortgage.

3 (e) The partition of property by tenants in common by agreement  
4 or as the result of a court decree.

5 (f) The assignment of property or interest in property from one  
6 spouse or one domestic partner to the other spouse or other domestic  
7 partner in accordance with the terms of a decree of dissolution of  
8 marriage or state registered domestic partnership or in fulfillment  
9 of a property settlement agreement.

10 (g) The assignment or other transfer of a vendor's interest in a  
11 contract for the sale of real property, even though accompanied by a  
12 conveyance of the vendor's interest in the real property involved.

13 (h) Transfers by appropriation or decree in condemnation  
14 proceedings brought by the United States, the state or any political  
15 subdivision thereof, or a municipal corporation.

16 (i) A mortgage or other transfer of an interest in real property  
17 merely to secure a debt, or the assignment thereof.

18 (j) Any transfer or conveyance made pursuant to a deed of trust  
19 or an order of sale by the court in any mortgage, deed of trust, or  
20 lien foreclosure proceeding or upon execution of a judgment, or deed  
21 in lieu of foreclosure to satisfy a mortgage or deed of trust.

22 (k) A conveyance to the federal housing administration or  
23 veterans administration by an authorized mortgagee made pursuant to a  
24 contract of insurance or guaranty with the federal housing  
25 administration or veterans administration.

26 (l) A transfer in compliance with the terms of any lease or  
27 contract upon which the tax as imposed by this chapter has been paid  
28 or where the lease or contract was entered into prior to the date  
29 this tax was first imposed.

30 (m) The sale of any grave or lot in an established cemetery.

31 (n) A sale by the United States, this state or any political  
32 subdivision thereof, or a municipal corporation of this state.

33 (o) A sale to a regional transit authority or public corporation  
34 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
35 81.112.300.

36 (p) A transfer of real property, however effected, if it consists  
37 of a mere change in identity or form of ownership of an entity where  
38 there is no change in the beneficial ownership. These include  
39 transfers to a corporation or partnership which is wholly owned by  
40 the transferor and/or the transferor's spouse or domestic partner or

1 children of the transferor or the transferor's spouse or domestic  
2 partner. However, if thereafter such transferee corporation or  
3 partnership voluntarily transfers such real property, or such  
4 transferor, spouse or domestic partner, or children of the transferor  
5 or the transferor's spouse or domestic partner voluntarily transfer  
6 stock in the transferee corporation or interest in the transferee  
7 partnership capital, as the case may be, to other than (i) the  
8 transferor and/or the transferor's spouse or domestic partner or  
9 children of the transferor or the transferor's spouse or domestic  
10 partner, (ii) a trust having the transferor and/or the transferor's  
11 spouse or domestic partner or children of the transferor or the  
12 transferor's spouse or domestic partner as the only beneficiaries at  
13 the time of the transfer to the trust, or (iii) a corporation or  
14 partnership wholly owned by the original transferor and/or the  
15 transferor's spouse or domestic partner or children of the transferor  
16 or the transferor's spouse or domestic partner, within three years of  
17 the original transfer to which this exemption applies, and the tax on  
18 the subsequent transfer has not been paid within (~~sixty~~) 60 days of  
19 becoming due, excise taxes become due and payable on the original  
20 transfer as otherwise provided by law.

21 (q) (i) A transfer that for federal income tax purposes does not  
22 involve the recognition of gain or loss for entity formation,  
23 liquidation or dissolution, and reorganization, including but not  
24 limited to nonrecognition of gain or loss because of application of  
25 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
26 revenue code of 1986, as amended.

27 (ii) However, the transfer described in (q) (i) of this subsection  
28 cannot be preceded or followed within a (~~thirty-six~~) 36 month  
29 period by another transfer or series of transfers, that, when  
30 combined with the otherwise exempt transfer or transfers described in  
31 (q) (i) of this subsection, results in the transfer of a controlling  
32 interest in the entity for valuable consideration, and in which one  
33 or more persons previously holding a controlling interest in the  
34 entity receive cash or property in exchange for any interest the  
35 person or persons acting in concert hold in the entity. This  
36 subsection (3) (q) (ii) does not apply to that part of the transfer  
37 involving property received that is the real property interest that  
38 the person or persons originally contributed to the entity or when  
39 one or more persons who did not contribute real property or belong to  
40 the entity at a time when real property was purchased receive cash or

1 personal property in exchange for that person or persons' interest in  
2 the entity. The real estate excise tax under this subsection  
3 (3)(q)(ii) is imposed upon the person or persons who previously held  
4 a controlling interest in the entity.

5 (r) A qualified sale of a manufactured/mobile home community, as  
6 defined in RCW 59.20.030.

7 (s)(i) A transfer of a qualified low-income housing development  
8 or controlling interest in a qualified low-income housing  
9 development, unless, due to noncompliance with federal statutory  
10 requirements, the seller is subject to recapture, in whole or in  
11 part, of its allocated federal low-income housing tax credits within  
12 the four years prior to the date of transfer.

13 (ii) For purposes of this subsection (3)(s), "qualified low-  
14 income housing development" means real property and improvements in  
15 respect to which the seller or, in the case of a transfer of a  
16 controlling interest, the owner or beneficial owner, was allocated  
17 federal low-income housing tax credits authorized under 26 U.S.C.  
18 Sec. 42 or successor statute, by the Washington state housing finance  
19 commission or successor state-authorized tax credit allocating  
20 agency.

21 (iii) This subsection (3)(s) does not apply to transfers of a  
22 qualified low-income housing development or controlling interest in a  
23 qualified low-income housing development occurring on or after July  
24 1, 2035.

25 (iv) The Washington state housing finance commission, in  
26 consultation with the department, must gather data on: (A) The fiscal  
27 savings, if any, accruing to transferees as a result of the exemption  
28 provided in this subsection (3)(s); (B) the extent to which  
29 transferors of qualified low-income housing developments receive  
30 consideration, including any assumption of debt, as part of a  
31 transfer subject to the exemption provided in this subsection (3)(s);  
32 and (C) the continued use of the property for low-income housing. The  
33 Washington state housing finance commission must provide this  
34 information to the joint legislative audit and review committee. The  
35 committee must conduct a review of the tax preference created under  
36 this subsection (3)(s) in calendar year 2033, as required under  
37 chapter 43.136 RCW.

38 (t)(i) A qualified transfer of residential property by a legal  
39 representative of a person with developmental disabilities to a  
40 qualified entity subject to the following conditions:

1 (A) The adult child with developmental disabilities of the  
2 transferor of the residential property must be allowed to reside in  
3 the residence or successor property so long as the placement is safe  
4 and appropriate as determined by the department of social and health  
5 services;

6 (B) The title to the residential property is conveyed without the  
7 receipt of consideration by the legal representative of a person with  
8 developmental disabilities to a qualified entity;

9 (C) The residential property must have no more than four living  
10 units located on it; and

11 (D) The residential property transferred must remain in continued  
12 use for (~~fifty~~) 50 years by the qualified entity as supported  
13 living for persons with developmental disabilities by the qualified  
14 entity or successor entity. If the qualified entity sells or  
15 otherwise conveys ownership of the residential property the proceeds  
16 of the sale or conveyance must be used to acquire similar residential  
17 property and such similar residential property must be considered the  
18 successor for continued use. The property will not be considered in  
19 continued use if the department of social and health services finds  
20 that the property has failed, after a reasonable time to remedy, to  
21 meet any health and safety statutory or regulatory requirements. If  
22 the department of social and health services determines that the  
23 property fails to meet the requirements for continued use, the  
24 department of social and health services must notify the department  
25 and the real estate excise tax based on the value of the property at  
26 the time of the transfer into use as residential property for persons  
27 with developmental disabilities becomes immediately due and payable  
28 by the qualified entity. The tax due is not subject to penalties,  
29 fees, or interest under this title.

30 (ii) For the purposes of this subsection (3)(t) the definitions  
31 in RCW 71A.10.020 apply.

32 (iii) A "qualified entity" is:

33 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)  
34 of the federal internal revenue code of 1986, as amended, as of June  
35 7, 2018, or a subsidiary under the same taxpayer identification  
36 number that provides residential supported living for persons with  
37 developmental disabilities; or

38 (B) A nonprofit adult family home, as defined in RCW 70.128.010,  
39 that exclusively serves persons with developmental disabilities.

1 (iv) In order to receive an exemption under this subsection  
2 (3)(t) an affidavit must be submitted by the transferor of the  
3 residential property and must include a copy of the transfer  
4 agreement and any other documentation as required by the department.

5 (u)(i) The sale by an affordable homeownership facilitator of  
6 self-help housing to a low-income household.

7 (ii) The definitions in this subsection (3)(u) apply to this  
8 subsection (3)(u) unless the context clearly requires otherwise.

9 (A) "Affordable homeownership facilitator" means a nonprofit  
10 community or neighborhood-based organization that is exempt from  
11 income tax under Title 26 U.S.C. Sec. 501(c) of the internal revenue  
12 code of 1986, as amended, as of October 1, 2019, and that is the  
13 developer of self-help housing.

14 (B) "Low-income" means household income as defined by the  
15 department, provided that the definition may not exceed (~~eighty~~) 80  
16 percent of median household income, adjusted for household size, for  
17 the county in which the dwelling is located.

18 (C) "Self-help housing" means dwelling residences provided for  
19 ownership by low-income individuals and families whose ownership  
20 requirement includes labor participation. "Self-help housing" does  
21 not include residential rental housing provided on a commercial basis  
22 to the general public.

23 (v)(i) A sale or transfer of real property to a qualifying  
24 grantee that uses the property for housing for low-income persons and  
25 receives or otherwise qualifies the property for an exemption from  
26 real and personal property taxes under RCW 84.36.560, 84.36.049,  
27 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection  
28 (3)(v), "qualifying grantee" means a nonprofit entity as defined in  
29 RCW 84.36.560, a nonprofit entity or qualified cooperative  
30 association as defined in RCW 84.36.049, a housing authority created  
31 under RCW 35.82.030 or 35.82.300, a public corporation established  
32 under RCW 35.21.660 or 35.21.730, or a county or municipal  
33 corporation. A qualifying grantee that is a county or municipal  
34 corporation must record a covenant at the time of transfer that  
35 prohibits using the property for any purpose other than for low-  
36 income housing for a period of at least 10 years. At a minimum, the  
37 covenant must address price restrictions and household income limits  
38 for the low-income housing. A qualifying grantee must comply with the  
39 requirements described in (v)(i)(A), (B), or (C) of this subsection

1 and must also certify, by affidavit at the time of sale or transfer,  
2 that it intends to comply with those requirements.

3 (A) If the qualifying grantee intends to operate existing housing  
4 on the property, within one year of the sale or transfer:

5 (I) The qualifying grantee must receive or qualify the property  
6 for a tax exemption under RCW 84.36.560, 84.36.049,  
7 35.82.210, 35.21.755, or 84.36.010; and

8 (II) The property must be used as housing for low-income persons.

9 (B) If the qualifying grantee intends to develop new housing on  
10 the site, within five years of the sale or transfer:

11 (I) The qualifying grantee must receive or qualify the property  
12 for a tax exemption under RCW 84.36.560, 84.36.049,  
13 35.82.210, 35.21.755, or 84.36.010; and

14 (II) The property must be used as housing for low-income persons.

15 (C) If the qualifying grantee intends to substantially  
16 rehabilitate the premises as defined in RCW 59.18.200, within three  
17 years:

18 (I) The qualifying grantee must receive or qualify the property  
19 for a tax exemption under RCW 84.36.560, 84.36.049,  
20 35.82.210, 35.21.755, or 84.36.010; and

21 (II) The property must be used as housing for low-income persons.

22 (ii) If the qualifying grantee fails to satisfy the requirements  
23 described in (v)(i)(A), (B), or (C) of this subsection, within the  
24 timelines described in (v)(i)(A), (B), or (C) of this subsection, the  
25 qualifying grantee must pay the tax that would have otherwise been  
26 due at the time of initial transfer, plus interest calculated from  
27 the date of initial transfer pursuant to RCW 82.32.050.

28 (iii) If a qualifying grantee transfers the property to a  
29 different qualifying grantee within the original timelines described  
30 in (v)(i)(A), (B), or (C) of this subsection, neither the original  
31 qualifying grantee nor the new qualifying grantee is required to pay  
32 the tax, so long as the new qualifying grantee satisfies the  
33 requirements as described in (v)(i)(A), (B), or (C) of this  
34 subsection within the exemption period of the initial transfer. If  
35 the new qualifying grantee fails to satisfy the requirements  
36 described in (v)(i)(A), (B), or (C) of this subsection, only the new  
37 qualifying grantee is liable for the payment of taxes required by  
38 (v)(ii) of this subsection. There is no limit on the number of  
39 transfers between qualifying grantees within the original timelines.

1 (iv) Each affidavit must be filed with the department upon  
2 completion of the sale or transfer of property, including transfers  
3 from a qualifying grantee to a different qualifying grantee. The  
4 qualifying grantee must provide proof to the department as required  
5 by the department once the requirements as described in (v) (i) (A),  
6 (B), or (C) of this subsection have been satisfied.

7 (v) For the purposes of this subsection (3) (v), "low-income" has  
8 the same meaning as in (u) of this subsection.

9 (w) (i) The sale of qualified space in a development that  
10 qualifies for a property tax exemption under RCW 84.36.560,  
11 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a nonprofit  
12 organization, a housing authority, or public corporation for use for  
13 an exempt community purpose.

14 (ii) For the purposes of this subsection (3) (w), the following  
15 definitions apply:

16 (A) "Affordable housing development" means a development with  
17 housing provided to households with a household income that does not  
18 exceed 80 percent of median household income at initial occupancy,  
19 adjusted for household size, for the county in which the dwelling is  
20 located.

21 (B) "Exempt community purpose" means any use to provide a service  
22 that benefits affordable housing development tenants or the public  
23 including, but not limited to, health clinics, senior day care, food  
24 banks, community centers, and early learning facilities.

25 (C) "Nonprofit organization" means an organization exempt from  
26 taxation under section 501(c) (3) of the internal revenue code of 1986  
27 (26 U.S.C. Sec. 501(c) (3)), as amended.

28 (D) "Qualified space" means any portion of an affordable housing  
29 development that is accessible to tenants or the public that  
30 constitutes a separate legal parcel of property under chapter 64.32,  
31 64.34, or 64.90 RCW.

32 **Sec. 2.** RCW 82.45.010 and 2022 c 199 s 4 are each amended to  
33 read as follows:

34 (1) As used in this chapter, the term "sale" has its ordinary  
35 meaning and includes any conveyance, grant, assignment, quitclaim, or  
36 transfer of the ownership of or title to real property, including  
37 standing timber, or any estate or interest therein for a valuable  
38 consideration, and any contract for such conveyance, grant,  
39 assignment, quitclaim, or transfer, and any lease with an option to

1 purchase real property, including standing timber, or any estate or  
2 interest therein or other contract under which possession of the  
3 property is given to the purchaser, or any other person at the  
4 purchaser's direction, and title to the property is retained by the  
5 vendor as security for the payment of the purchase price. The term  
6 also includes the grant, assignment, quitclaim, sale, or transfer of  
7 improvements constructed upon leased land.

8 (2) (a) The term "sale" also includes the transfer or acquisition  
9 within any (~~(thirty-six)~~) 36 month period of a controlling interest  
10 in any entity with an interest in real property located in this state  
11 for a valuable consideration.

12 (b) For the sole purpose of determining whether, pursuant to the  
13 exercise of an option, a controlling interest was transferred or  
14 acquired within a (~~(thirty-six)~~) 36 month period, the date that the  
15 option agreement was executed is the date on which the transfer or  
16 acquisition of the controlling interest is deemed to occur. For all  
17 other purposes under this chapter, the date upon which the option is  
18 exercised is the date of the transfer or acquisition of the  
19 controlling interest.

20 (c) For purposes of this subsection, all acquisitions of persons  
21 acting in concert must be aggregated for purposes of determining  
22 whether a transfer or acquisition of a controlling interest has taken  
23 place. The department must adopt standards by rule to determine when  
24 persons are acting in concert. In adopting a rule for this purpose,  
25 the department must consider the following:

26 (i) Persons must be treated as acting in concert when they have a  
27 relationship with each other such that one person influences or  
28 controls the actions of another through common ownership; and

29 (ii) When persons are not commonly owned or controlled, they must  
30 be treated as acting in concert only when the unity with which the  
31 purchasers have negotiated and will consummate the transfer of  
32 ownership interests supports a finding that they are acting as a  
33 single entity. If the acquisitions are completely independent, with  
34 each purchaser buying without regard to the identity of the other  
35 purchasers, then the acquisitions are considered separate  
36 acquisitions.

37 (3) The term "sale" does not include:

38 (a) A transfer by gift, devise, or inheritance.

1 (b) A transfer by transfer on death deed, to the extent that it  
2 is not in satisfaction of a contractual obligation of the decedent  
3 owed to the recipient of the property.

4 (c) A transfer of any leasehold interest other than of the type  
5 mentioned above.

6 (d) A cancellation or forfeiture of a vendee's interest in a  
7 contract for the sale of real property, whether or not such contract  
8 contains a forfeiture clause, or deed in lieu of foreclosure of a  
9 mortgage.

10 (e) The partition of property by tenants in common by agreement  
11 or as the result of a court decree.

12 (f) The assignment of property or interest in property from one  
13 spouse or one domestic partner to the other spouse or other domestic  
14 partner in accordance with the terms of a decree of dissolution of  
15 marriage or state registered domestic partnership or in fulfillment  
16 of a property settlement agreement.

17 (g) The assignment or other transfer of a vendor's interest in a  
18 contract for the sale of real property, even though accompanied by a  
19 conveyance of the vendor's interest in the real property involved.

20 (h) Transfers by appropriation or decree in condemnation  
21 proceedings brought by the United States, the state or any political  
22 subdivision thereof, or a municipal corporation.

23 (i) A mortgage or other transfer of an interest in real property  
24 merely to secure a debt, or the assignment thereof.

25 (j) Any transfer or conveyance made pursuant to a deed of trust  
26 or an order of sale by the court in any mortgage, deed of trust, or  
27 lien foreclosure proceeding or upon execution of a judgment, or deed  
28 in lieu of foreclosure to satisfy a mortgage or deed of trust.

29 (k) A conveyance to the federal housing administration or  
30 veterans administration by an authorized mortgagee made pursuant to a  
31 contract of insurance or guaranty with the federal housing  
32 administration or veterans administration.

33 (l) A transfer in compliance with the terms of any lease or  
34 contract upon which the tax as imposed by this chapter has been paid  
35 or where the lease or contract was entered into prior to the date  
36 this tax was first imposed.

37 (m) The sale of any grave or lot in an established cemetery.

38 (n) A sale by the United States, this state or any political  
39 subdivision thereof, or a municipal corporation of this state.

1 (o) A sale to a regional transit authority or public corporation  
2 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
3 81.112.300.

4 (p) A transfer of real property, however effected, if it consists  
5 of a mere change in identity or form of ownership of an entity where  
6 there is no change in the beneficial ownership. These include  
7 transfers to a corporation or partnership which is wholly owned by  
8 the transferor and/or the transferor's spouse or domestic partner or  
9 children of the transferor or the transferor's spouse or domestic  
10 partner. However, if thereafter such transferee corporation or  
11 partnership voluntarily transfers such real property, or such  
12 transferor, spouse or domestic partner, or children of the transferor  
13 or the transferor's spouse or domestic partner voluntarily transfer  
14 stock in the transferee corporation or interest in the transferee  
15 partnership capital, as the case may be, to other than (i) the  
16 transferor and/or the transferor's spouse or domestic partner or  
17 children of the transferor or the transferor's spouse or domestic  
18 partner, (ii) a trust having the transferor and/or the transferor's  
19 spouse or domestic partner or children of the transferor or the  
20 transferor's spouse or domestic partner as the only beneficiaries at  
21 the time of the transfer to the trust, or (iii) a corporation or  
22 partnership wholly owned by the original transferor and/or the  
23 transferor's spouse or domestic partner or children of the transferor  
24 or the transferor's spouse or domestic partner, within three years of  
25 the original transfer to which this exemption applies, and the tax on  
26 the subsequent transfer has not been paid within sixty days of  
27 becoming due, excise taxes become due and payable on the original  
28 transfer as otherwise provided by law.

29 (q) (i) A transfer that for federal income tax purposes does not  
30 involve the recognition of gain or loss for entity formation,  
31 liquidation or dissolution, and reorganization, including but not  
32 limited to nonrecognition of gain or loss because of application of  
33 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
34 revenue code of 1986, as amended.

35 (ii) However, the transfer described in (q) (i) of this subsection  
36 cannot be preceded or followed within a (~~thirty-six~~) 36 month  
37 period by another transfer or series of transfers, that, when  
38 combined with the otherwise exempt transfer or transfers described in  
39 (q) (i) of this subsection, results in the transfer of a controlling  
40 interest in the entity for valuable consideration, and in which one

1 or more persons previously holding a controlling interest in the  
2 entity receive cash or property in exchange for any interest the  
3 person or persons acting in concert hold in the entity. This  
4 subsection (3)(q)(ii) does not apply to that part of the transfer  
5 involving property received that is the real property interest that  
6 the person or persons originally contributed to the entity or when  
7 one or more persons who did not contribute real property or belong to  
8 the entity at a time when real property was purchased receive cash or  
9 personal property in exchange for that person or persons' interest in  
10 the entity. The real estate excise tax under this subsection  
11 (3)(q)(ii) is imposed upon the person or persons who previously held  
12 a controlling interest in the entity.

13 (r) A qualified sale of a manufactured/mobile home community, as  
14 defined in RCW 59.20.030, that takes place on or after June 12, 2008,  
15 but before December 31, 2018.

16 (s)(i) A transfer of a qualified low-income housing development  
17 or controlling interest in a qualified low-income housing  
18 development, unless, due to noncompliance with federal statutory  
19 requirements, the seller is subject to recapture, in whole or in  
20 part, of its allocated federal low-income housing tax credits within  
21 the four years prior to the date of transfer.

22 (ii) For purposes of this subsection (3)(s), "qualified low-  
23 income housing development" means real property and improvements in  
24 respect to which the seller or, in the case of a transfer of a  
25 controlling interest, the owner or beneficial owner, was allocated  
26 federal low-income housing tax credits authorized under 26 U.S.C.  
27 Sec. 42 or successor statute, by the Washington state housing finance  
28 commission or successor state-authorized tax credit allocating  
29 agency.

30 (iii) This subsection (3)(s) does not apply to transfers of a  
31 qualified low-income housing development or controlling interest in a  
32 qualified low-income housing development occurring on or after July  
33 1, 2035.

34 (iv) The Washington state housing finance commission, in  
35 consultation with the department, must gather data on: (A) The fiscal  
36 savings, if any, accruing to transferees as a result of the exemption  
37 provided in this subsection (3)(s); (B) the extent to which  
38 transferors of qualified low-income housing developments receive  
39 consideration, including any assumption of debt, as part of a  
40 transfer subject to the exemption provided in this subsection (3)(s);

1 and (C) the continued use of the property for low-income housing. The  
2 Washington state housing finance commission must provide this  
3 information to the joint legislative audit and review committee. The  
4 committee must conduct a review of the tax preference created under  
5 this subsection (3)(s) in calendar year 2033, as required under  
6 chapter 43.136 RCW.

7 (t)(i) A qualified transfer of residential property by a legal  
8 representative of a person with developmental disabilities to a  
9 qualified entity subject to the following conditions:

10 (A) The adult child with developmental disabilities of the  
11 transferor of the residential property must be allowed to reside in  
12 the residence or successor property so long as the placement is safe  
13 and appropriate as determined by the department of social and health  
14 services;

15 (B) The title to the residential property is conveyed without the  
16 receipt of consideration by the legal representative of a person with  
17 developmental disabilities to a qualified entity;

18 (C) The residential property must have no more than four living  
19 units located on it; and

20 (D) The residential property transferred must remain in continued  
21 use for (~~fifty~~) 50 years by the qualified entity as supported  
22 living for persons with developmental disabilities by the qualified  
23 entity or successor entity. If the qualified entity sells or  
24 otherwise conveys ownership of the residential property the proceeds  
25 of the sale or conveyance must be used to acquire similar residential  
26 property and such similar residential property must be considered the  
27 successor for continued use. The property will not be considered in  
28 continued use if the department of social and health services finds  
29 that the property has failed, after a reasonable time to remedy, to  
30 meet any health and safety statutory or regulatory requirements. If  
31 the department of social and health services determines that the  
32 property fails to meet the requirements for continued use, the  
33 department of social and health services must notify the department  
34 and the real estate excise tax based on the value of the property at  
35 the time of the transfer into use as residential property for persons  
36 with developmental disabilities becomes immediately due and payable  
37 by the qualified entity. The tax due is not subject to penalties,  
38 fees, or interest under this title.

39 (ii) For the purposes of this subsection (3)(t) the definitions  
40 in RCW 71A.10.020 apply.

1 (iii) A "qualified entity" is:

2 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)  
3 of the federal internal revenue code of 1986, as amended, as of June  
4 7, 2018, or a subsidiary under the same taxpayer identification  
5 number that provides residential supported living for persons with  
6 developmental disabilities; or

7 (B) A nonprofit adult family home, as defined in RCW 70.128.010,  
8 that exclusively serves persons with developmental disabilities.

9 (iv) In order to receive an exemption under this subsection  
10 (3)(t) an affidavit must be submitted by the transferor of the  
11 residential property and must include a copy of the transfer  
12 agreement and any other documentation as required by the department.

13 (u)(i) A sale or transfer of real property to a qualifying  
14 grantee that uses the property for housing for low-income persons and  
15 receives or otherwise qualifies the property for an exemption from  
16 real and personal property taxes under RCW 84.36.560, 84.36.049,  
17 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection  
18 (3)(u), "qualifying grantee" means a nonprofit entity as defined in  
19 RCW 84.36.560, a nonprofit entity or qualified cooperative  
20 association as defined in RCW 84.36.049, a housing authority created  
21 under RCW 35.82.030 or 35.82.300, a public corporation established  
22 under RCW 35.21.660 or 35.21.730, or a county or municipal  
23 corporation. A qualifying grantee that is a county or municipal  
24 corporation must record a covenant at the time of transfer that  
25 prohibits using the property for any purpose other than for low-  
26 income housing for a period of at least 10 years. At a minimum, the  
27 covenant must address price restrictions and household income limits  
28 for the low-income housing. A qualifying grantee must comply with the  
29 requirements described in (u)(i)(A), (B), or (C) of this subsection  
30 and must also certify, by affidavit at the time of sale or transfer,  
31 that it intends to comply with those requirements.

32 (A) If the qualifying grantee intends to operate existing housing  
33 on the property, within one year of the sale or transfer:

34 (I) The qualifying grantee must receive or qualify the property  
35 for a tax exemption under RCW 84.36.560, 84.36.049,  
36 35.82.210, 35.21.755, or 84.36.010; and

37 (II) The property must be used as housing for low-income persons.

38 (B) If the qualifying grantee intends to develop new housing on  
39 the site, within five years of the sale or transfer:

1 (I) The qualifying grantee must receive or qualify the property  
2 for a tax exemption under RCW 84.36.560, 84.36.049,  
3 35.82.210, 35.21.755, or 84.36.010; and

4 (II) The property must be used as housing for low-income persons.

5 (C) If the qualifying grantee intends to substantially  
6 rehabilitate the premises as defined in RCW 59.18.200, within three  
7 years:

8 (I) The qualifying grantee must receive or qualify the property  
9 for a tax exemption under RCW 84.36.560, 84.36.049,  
10 35.82.210, 35.21.755, or 84.36.010; and

11 (II) The property must be used as housing for low-income persons.

12 (ii) If the qualifying grantee fails to satisfy the requirements  
13 described in (u)(i)(A), (B), or (C) of this subsection, within the  
14 timelines described in (u)(i)(A), (B), or (C) of this subsection, the  
15 qualifying grantee must pay the tax that would have otherwise been  
16 due at the time of initial transfer, plus interest calculated from  
17 the date of initial transfer pursuant to RCW 82.32.050.

18 (iii) If a qualifying grantee transfers the property to a  
19 different qualifying grantee within the original timelines described  
20 in (u)(i)(A), (B), or (C) of this subsection, neither the original  
21 qualifying grantee nor the new qualifying grantee is required to pay  
22 the tax, so long as the new qualifying grantee satisfies the  
23 requirements as described in (u)(i)(A), (B), or (C) of this  
24 subsection within the exemption period of the initial transfer. If  
25 the new qualifying grantee fails to satisfy the requirements  
26 described in (u)(i)(A), (B), or (C) of this subsection, only the new  
27 qualifying grantee is liable for the payment of taxes required by  
28 (u)(ii) of this subsection. There is no limit on the number of  
29 transfers between qualifying grantees within the original timelines.

30 (iv) Each affidavit must be filed with the department upon  
31 completion of the sale or transfer of property, including transfers  
32 from a qualifying grantee to a different qualifying grantee. The  
33 qualifying grantee must provide proof to the department as required  
34 by the department once the requirements as described in (u)(i)(A),  
35 (B), or (C) of this subsection have been satisfied.

36 (v) For the purposes of this subsection (3)(u), "low-income"  
37 means household income as defined by the department, provided that  
38 the definition may not exceed 80 percent of median household income,  
39 adjusted for household size, for the county in which the dwelling is  
40 located.

1 (v) (i) The sale of qualified space in a development that  
2 qualifies for a property tax exemption under RCW 84.36.560,  
3 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a nonprofit  
4 organization, a housing authority, or public corporation for use for  
5 an exempt community purpose.

6 (ii) For the purposes of this subsection (3) (v), the following  
7 definitions apply:

8 (A) "Affordable housing development" means a development with  
9 housing provided to households with a household income that does not  
10 exceed 80 percent of median household income at initial occupancy,  
11 adjusted for household size, for the county in which the dwelling is  
12 located.

13 (B) "Exempt community purpose" means any use to provide a service  
14 that benefits affordable housing development tenants or the public  
15 including, but not limited to, health clinics, senior day care, food  
16 banks, community centers, and early learning facilities.

17 (C) "Nonprofit organization" means an organization exempt from  
18 taxation under section 501(c) (3) of the internal revenue code of 1986  
19 (26 U.S.C. Sec. 501(c) (3)), as amended.

20 (D) "Qualified space" means any portion of an affordable housing  
21 development that is accessible to tenants or the public that  
22 constitutes a separate legal parcel of property under chapter 64.32,  
23 64.34, or 64.90 RCW.

24 **Sec. 3.** RCW 82.46.010 and 2021 c 296 s 10 are each amended to  
25 read as follows:

26 (1) The legislative authority of any county or city must identify  
27 in the adopted budget the capital projects funded in whole or in part  
28 from the proceeds of the tax authorized in this section, and must  
29 indicate that such tax is intended to be in addition to other funds  
30 that may be reasonably available for such capital projects.

31 (2) ~~((a))~~ The legislative authority of any county or any city  
32 may impose an excise tax on each sale of real property in the  
33 unincorporated areas of the county for the county tax and in the  
34 corporate limits of the city for the city tax at a rate not exceeding  
35 ~~((one-quarter of one))~~ 0.25 percent of the selling price. ~~((Except as~~  
36 ~~provided in subsection (8) of this section, the))~~ The revenues from  
37 this tax must be used by any city or county ~~((with a population of~~  
38 ~~5,000 or less and any city or county that does not plan under RCW~~  
39 ~~36.70A.040))~~ for any capital purpose identified in a capital

1 improvements plan and local capital improvements, including those  
2 listed in RCW 35.43.040 (~~-~~

3 ~~(b) Except as provided in subsection (8) of this section, after~~  
4 ~~April 30, 1992, revenues generated from the tax imposed under this~~  
5 ~~subsection (2) in counties over 5,000 population and cities over~~  
6 ~~5,000 population that are required or choose to plan under RCW~~  
7 ~~36.70A.040 must be used solely)) and for ((finaneing)) capital  
8 projects specified in a capital facilities plan element of a  
9 comprehensive plan and housing relocation assistance under RCW  
10 59.18.440 and 59.18.450. However, revenues ((+i)) (a) pledged by  
11 such counties and cities to debt retirement prior to April 30, 1992,  
12 may continue to be used for that purpose until the original debt for  
13 which the revenues were pledged is retired, or ((+ii)) (b) committed  
14 prior to April 30, 1992, by such counties or cities to a project may  
15 continue to be used for that purpose until the project is completed.~~

16 (3) In lieu of imposing the tax authorized in RCW 82.14.030(2),  
17 the legislative authority of any county or any city may impose an  
18 additional excise tax on each sale of real property in the  
19 unincorporated areas of the county for the county tax and in the  
20 corporate limits of the city for the city tax at a rate not exceeding  
21 one-half of one percent of the selling price.

22 (4) Taxes imposed under this section must be collected from  
23 persons who are taxable by the state under chapter 82.45 RCW upon the  
24 occurrence of any taxable event within the unincorporated areas of  
25 the county or within the corporate limits of the city, as the case  
26 may be.

27 (5) Taxes imposed under this section must comply with all  
28 applicable rules, regulations, laws, and court decisions regarding  
29 real estate excise taxes as imposed by the state under chapter 82.45  
30 RCW.

31 (6) The definitions in this subsection (6) apply throughout this  
32 section unless the context clearly requires otherwise.

33 (a) "City" means any city or town.

34 (b) "Capital project" means those public works projects of a  
35 local government for planning, acquisition, construction,  
36 reconstruction, repair, replacement, rehabilitation, or improvement  
37 of streets; roads; highways; sidewalks; street and road lighting  
38 systems; traffic signals; bridges; domestic water systems; storm and  
39 sanitary sewer systems; parks; recreational facilities; law  
40 enforcement facilities; fire protection facilities; trails;

1 libraries; administrative facilities; judicial facilities; river  
2 flood control projects; waterway flood control projects by those  
3 jurisdictions that, prior to June 11, 1992, have expended funds  
4 derived from the tax authorized by this section for such purposes;  
5 until December 31, 1995, housing projects for those jurisdictions  
6 that, prior to June 11, 1992, have expended or committed to expend  
7 funds derived from the tax authorized by this section or the tax  
8 authorized by RCW 82.46.035 for such purposes; and technology  
9 infrastructure that is integral to the capital project.

10 ~~(7) ((From July 22, 2011, until December 31, 2016, a city or~~  
11 ~~county may use the greater of \$100,000 or 35 percent of available~~  
12 ~~funds under this section, but not to exceed \$1,000,000 per year, for~~  
13 ~~the operations and maintenance of existing capital projects as~~  
14 ~~defined in subsection (6) of this section.~~

15 ~~(8) After May 13, 2021, through December 31, 2023, a city or~~  
16 ~~county may use the greater of \$100,000 or 35 percent of available~~  
17 ~~funds under this section for the operation of, maintenance of, and~~  
18 ~~service support for, existing capital projects, including the~~  
19 ~~provision of services to residents of affordable housing or shelter~~  
20 ~~units.)) A county or city may use available funds under this section~~  
21 ~~for any eligible use in RCW 82.46.035.~~

22 **Sec. 4.** RCW 82.46.015 and 2021 c 296 s 11 are each amended to  
23 read as follows:

24 (1) ~~((After May 13, 2021, through December 31, 2023, a))~~ A city  
25 or county may use the greater of \$100,000 or 35 percent of available  
26 funds from revenues collected under RCW 82.46.010 for the maintenance  
27 of, operation of, and service support for, existing capital projects,  
28 as defined in RCW 82.46.010 and 82.46.035, and including the  
29 provision of services to residents of affordable housing or shelter  
30 units.

31 (2) ~~((After December 31, 2023, a city or county that meets the~~  
32 ~~requirements of subsection (3) of this section may use the greater of~~  
33 ~~\$100,000 or 25 percent of available funds, but not to exceed~~  
34 ~~\$1,000,000 per year, from revenues collected under RCW 82.46.010 for~~  
35 ~~the maintenance of capital projects, as defined in RCW 82.46.010.~~

36 ~~(3))~~ A city or county may use revenues pursuant to subsection  
37 ~~((2))~~ (1) of this section if:

38 (a) ~~((The city or county prepares a written report demonstrating~~  
39 ~~that it has or will have adequate funding from all sources of public~~

1 funding to pay for all capital projects, as defined in RCW 82.46.010,  
2 identified in its capital facilities plan for the succeeding two-year  
3 period. Cities or counties not required to prepare a capital  
4 facilities plan may satisfy this provision by using a document that,  
5 at a minimum, identifies capital project needs and available public  
6 funding sources for the succeeding two-year period; and

7 ~~(b)(i))~~) The city or county has not enacted, after June 9, 2016:  
8 Any requirement on the listing or sale of real property; or any  
9 requirement on landlords, at the time of executing a lease, to  
10 perform or provide physical improvements or modifications to real  
11 property or fixtures, except if necessary to address an immediate  
12 threat to health or safety; or

13 ~~((ii))~~) (b) Any local requirement adopted by the city or county  
14 under ~~((b)(i))~~) (a) of this subsection is: Specifically authorized  
15 by RCW 35.80.030, 35A.11.020, chapter 7.48 RCW, or chapter 19.27 RCW;  
16 specifically authorized by other state or federal law; or a seller or  
17 landlord disclosure requirement pursuant to RCW 64.06.080.

18 ~~((4) The report prepared under subsection (3)(a) of this section  
19 must: (a) Include information necessary to determine compliance with  
20 the requirements of subsection (3)(a) of this section; (b) identify  
21 how revenues collected under RCW 82.46.010 were used by the city or  
22 county during the prior two-year period; (c) identify how funds  
23 authorized under subsection (2) of this section will be used during  
24 the succeeding two-year period; and (d) identify what percentage of  
25 funding for capital projects within the city or county is  
26 attributable to revenues under RCW 82.46.010 compared to all other  
27 sources of capital project funding. The city or county must prepare  
28 and adopt the report as part of its regular, public budget process.~~

29 ~~(5) The authority to use funds as authorized in this section is  
30 in addition to the authority to use funds pursuant to RCW  
31 82.46.010(7), which remains in effect through December 31, 2016.~~

32 ~~(6) For purposes of this section, "maintenance" means the use of  
33 funds for labor and materials that will preserve, prevent the decline  
34 of, or extend the useful life of a capital project. "Maintenance"  
35 does not include labor or material costs for routine operations of a  
36 capital project.)~~)

37 **Sec. 5.** RCW 82.46.035 and 2021 c 296 s 12 are each amended to  
38 read as follows:

1           (1) ~~((Except for revenues used after May 13, 2021, through~~  
2 ~~December 31, 2023, as provided in subsection (3) of this section,~~  
3 ~~the)) The legislative authority of any county or city must identify  
4 in the adopted budget the capital projects funded in whole or in part  
5 from the proceeds of the tax authorized in this section, and must  
6 indicate that such tax is intended to be in addition to other funds  
7 that may be reasonably available for such capital projects.~~

8           (2) The legislative authority of any county or any city that  
9 plans under RCW 36.70A.040(1) may impose an additional excise tax on  
10 each sale of real property in the unincorporated areas of the county  
11 for the county tax and in the corporate limits of the city for the  
12 city tax at a rate not exceeding one-quarter of one percent of the  
13 selling price. Any county choosing to plan under RCW 36.70A.040(2)  
14 and any city within such a county may only adopt an ordinance  
15 imposing the excise tax authorized by this section if the ordinance  
16 is first authorized by a proposition approved by a majority of the  
17 voters of the taxing district voting on the proposition at a general  
18 election held within the district or at a special election within the  
19 taxing district called by the district for the purpose of submitting  
20 such proposition to the voters.

21           (3) Revenues generated from the tax imposed under subsection (2)  
22 of this section must be used by such counties and cities solely for  
23 ~~((financing))~~ capital projects specified in a capital facilities plan  
24 element of a comprehensive plan~~((, except that the greater of~~  
25 ~~\$100,000 or 35 percent of revenues may additionally be used for the~~  
26 ~~operation of, maintenance of, and service support for, existing~~  
27 ~~capital projects after May 13, 2021, through December 31, 2023))~~.  
28 However, revenues (a) pledged by such counties and cities to debt  
29 retirement prior to March 1, 1992, may continue to be used for that  
30 purpose until the original debt for which the revenues were pledged  
31 is retired, or (b) committed prior to March 1, 1992, by such counties  
32 or cities to a project may continue to be used for that purpose until  
33 the project is completed.

34           (4) ~~((Revenues generated by the tax imposed by this section must~~  
35 ~~be deposited in a separate account after December 31, 2023.~~

36           ~~(5))~~ As used in this section, "city" means any city or town and  
37 "capital project" means those public works projects of a local  
38 government for:

39           (a) Planning, acquisition, construction, reconstruction, repair,  
40 replacement, rehabilitation, or improvement of streets, roads,

1 highways, sidewalks, street and road lighting systems, traffic  
2 signals, bridges, domestic water systems, storm and sanitary sewer  
3 systems;

4 (b) Planning, construction, reconstruction, repair,  
5 rehabilitation, or improvement of parks; ~~((and))~~

6 (c) ~~((Until January 1, 2026, planning))~~ Planning, acquisition,  
7 construction, reconstruction, repair, replacement, rehabilitation, or  
8 improvement of facilities for those experiencing homelessness and  
9 affordable housing projects; and

10 (d) Any use allowed under RCW 82.46.010.

11 ~~((+6))~~ (5) A county or city may use the greater of \$100,000 or  
12 25 percent of available funds ~~((, but not to exceed \$1,000,000,))~~ for  
13 capital projects as defined in subsection ~~((+5))~~ (4)(c) of this  
14 section. The limits in this subsection do not apply to any county or  
15 city that used revenue under this section for the acquisition,  
16 construction, improvement, or rehabilitation of facilities to provide  
17 housing for the homeless prior to June 30, 2019.

18 ~~((+7))~~ (6) A county or city using funds for uses in subsection  
19 ~~((+5))~~ (4)(c) of this section must document in its plan under RCW  
20 36.70A.070(3) that it has funds during the next two years for capital  
21 projects in subsection ~~((+5))~~ (4)(a) of this section.

22 ~~((+8))~~ (7) When the governor files a notice of noncompliance  
23 under RCW 36.70A.340 with the secretary of state and the appropriate  
24 county or city, the county or city's authority to impose the  
25 additional excise tax under this section is temporarily rescinded  
26 until the governor files a subsequent notice rescinding the notice of  
27 noncompliance.

28 **Sec. 6.** RCW 82.46.037 and 2021 c 296 s 13 are each amended to  
29 read as follows:

30 (1) A city or county that meets the requirements of subsection  
31 (2) of this section may use the greater of \$100,000 or ~~((25))~~ 35  
32 percent of available funds ~~((, but not to exceed \$1,000,000 per year,~~  
33 ~~except for the period from May 13, 2021, through December 31, 2023,~~  
34 ~~when the greater of \$100,000 or 35 percent may be used))~~ from  
35 revenues collected under RCW 82.46.035 for ~~((÷~~

36 ~~(a) The maintenance of capital projects, as defined in RCW~~  
37 ~~82.46.035(5);~~

38 ~~(b) The planning, acquisition, construction, reconstruction,~~  
39 ~~repair, replacement, rehabilitation, improvement, or maintenance of~~

1 ~~capital projects as defined in RCW 82.46.010(6)(b) that are not also~~  
2 ~~included within the definition of capital projects in RCW~~  
3 ~~82.46.035(5); and~~

4 ~~(e) The))~~ the operation of, the maintenance of, and service  
5 support for, existing capital projects as included in the definition  
6 of capital project in RCW 82.46.035(~~(5))~~) (4) and 82.46.010(6)(b)(~~7~~  
7 ~~from May 13, 2021, through December 31, 2023))~~).

8 (2) A (~~city or county may use revenues pursuant to subsection~~  
9 ~~(1) of this section after May 13, 2021, through December 31, 2023.~~  
10 ~~Thereafter,~~ a) city or county may use revenues pursuant to  
11 subsection (1) of this section if:

12 (a) (~~The city or county prepares a written report demonstrating~~  
13 ~~that it has or will have adequate funding from all sources of public~~  
14 ~~funding to pay for all capital projects, as defined in RCW~~  
15 ~~82.46.035(5), identified in its capital facilities plan for the~~  
16 ~~succeeding two-year period; and~~

17 ~~(b)(i))~~ The city or county has not enacted, after June 9, 2016,  
18 any requirement on the listing or sale of real property; or any  
19 requirement on landlords, at the time of executing a lease, to  
20 perform or provide physical improvements or modifications to real  
21 property or fixtures, except if necessary to address an immediate  
22 threat to health or safety;

23 (~~(ii))~~) (b) Any local requirement adopted by the city or county  
24 under (~~(b)(i))~~) (a) of this subsection is: Specifically authorized  
25 by RCW 35.80.030, 35A.11.020, chapter 7.48 RCW, or chapter 19.27 RCW;  
26 specifically authorized by other state or federal law; or a seller or  
27 landlord disclosure requirement pursuant to RCW 64.06.080(~~;~~ ~~or~~

28 ~~(iii) For a city or county using funds under subsection (1)(b) of~~  
29 ~~this section, the requirements of this subsection apply, except that~~  
30 ~~the date for such enactment under (b)(i) of this subsection is ninety~~  
31 ~~days after October 19, 2017.~~

32 ~~(3) The report prepared under subsection (2)(a) of this section~~  
33 ~~must: (a) Include information necessary to determine compliance with~~  
34 ~~the requirements of subsection (2)(a) of this section; (b) identify~~  
35 ~~how revenues collected under RCW 82.46.035 were used by the city or~~  
36 ~~county during the prior two-year period; (c) identify how funds~~  
37 ~~authorized under subsection (1) of this section will be used during~~  
38 ~~the succeeding two-year period; and (d) identify what percentage of~~  
39 ~~funding for capital projects within the city or county is~~  
40 ~~attributable to revenues under RCW 82.46.035 compared to all other~~

1 ~~sources of capital project funding. The city or county must prepare~~  
2 ~~and adopt the report as part of its regular, public budget process.~~

3 ~~(4) For purposes of this section, "maintenance" means the use of~~  
4 ~~funds for labor and materials that will preserve, prevent the decline~~  
5 ~~of, or extend the useful life of a capital project. "Maintenance"~~  
6 ~~does not include labor or material costs for routine operations of a~~  
7 ~~capital project)).~~

8 NEW SECTION. **Sec. 7.** RCW 82.32.805 and 82.32.808 do not apply  
9 to this act.

10 NEW SECTION. **Sec. 8.** Section 1 of this act expires January 1,  
11 2030.

12 NEW SECTION. **Sec. 9.** Section 2 of this act takes effect January  
13 1, 2030.

--- END ---