CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1650

Chapter 85, Laws of 2025

69th Legislature
2025 Regular Session

LOCAL REAL ESTATE EXCISE TAX—USE FOR AIRPORT CAPITAL PROJECTS

EFFECTIVE DATE: July 27, 2025

Passed by the House March 12, 2025
Yeas 96 Nays 1

LAURIE JINKINS

Speaker of the House of Representatives

Passed by the Senate April 10, 2025
Yeas 47 Nays 2

DENNY HECK

President of the Senate

Approved April 21, 2025 9:27 AM

BOB FERGUSON

Governor of the State of Washington

CERTIFICATE

I, Bernard Dean, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1650** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BERNARD DEAN

Chief Clerk

FILED

April 21, 2025

Secretary of State
State of Washington

SUBSTITUTE HOUSE BILL 1650

Passed Legislature - 2025 Regular Session

State of Washington 69th Legislature 2025 Regular Session

By House Finance (originally sponsored by Representatives Dent, Fey, Barkis, Bronoske, Eslick, Zahn, and Graham)

READ FIRST TIME 02/26/25.

AN ACT Relating to the addition of airport capital projects as an allowable use of local real estate excise tax revenues; and amending RCW 82.46.010 and 82.46.035.

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

Sec. 1. RCW 82.46.010 and 2021 c 296 s 10 are each amended to read as follows:

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

(2)(a) The legislative authority of any county or any city may impose an excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding ((~~one-quarter of one~~)) 0.25 percent of the selling price. Except as provided in subsection (8) of this section, the revenues from this tax must be used by any city or county with a population of 5,000 or less and any city or county that does not plan under RCW 36.70A.040 for any capital purpose identified in a capital improvements plan and local capital improvements, including those listed in RCW 35.43.040.

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

(3) In lieu of imposing the tax authorized in RCW 82.14.030(2), the legislative authority of any county or any city may impose an additional excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the city tax at a rate not exceeding ((~~one-half of one~~)) 0.5 percent of the selling price.

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

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

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

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

(b)(i) "Capital project" means those public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks; recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative facilities; judicial facilities; airports included in the most recent Washington aviation system plan published

by the Washington department of transportation aviation division; airports included in the national plan of integrated airport systems with less than 10,000 annual enplanements as determined by the most recent enplanement data published by the federal aviation administration; river flood control projects; waterway flood control projects by those jurisdictions that, prior to June 11, 1992, have expended funds derived from the tax authorized by this section for such purposes; until December 31, 1995, housing projects for those jurisdictions that, prior to June 11, 1992, have expended or committed to expend funds derived from the tax authorized by this section or the tax authorized by RCW 82.46.035 for such purposes; and technology infrastructure that is integral to the capital project.

(ii) "Capital project" does not include the installation or improvement of fuel systems for the distribution of leaded fuel at an airport as described in this subsection (6)(b).

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

(8) After May 13, 2021, through December 31, 2023, a city or county may use the greater of $100,000 or 35 percent of available funds under this section for the operation of, maintenance of, and service support for, existing capital projects, including the provision of services to residents of affordable housing or shelter units.

Sec. 2. RCW 82.46.035 and 2021 c 296 s 12 are each amended to read as follows:

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

(2) The legislative authority of any county or any city that plans under RCW 36.70A.040(1) may impose an additional excise tax on each sale of real property in the unincorporated areas of the county for the county tax and in the corporate limits of the city for the

city tax at a rate not exceeding ((~~one-quarter of one~~)) 0.25 percent of the selling price. Any county choosing to plan under RCW 36.70A.040(2) and any city within such a county may only adopt an ordinance imposing the excise tax authorized by this section if the ordinance is first authorized by a proposition approved by a majority of the voters of the taxing district voting on the proposition at a general election held within the district or at a special election within the taxing district called by the district for the purpose of submitting such proposition to the voters.

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

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

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

(a) Planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems;

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

(c)(i) Planning, construction, reconstruction, repair, rehabilitation, or improvement of either of the following categories of airports:

(A) Airports included in the most recent Washington aviation system plan published by the Washington department of transportation aviation division; and

(B) Airports included in the national plan of integrated airport systems with less than 10,000 annual enplanements as determined by the most recent enplanement data published by the federal aviation administration.

(ii) "Capital project" does not include the installation or improvement of fuel systems for the distribution of leaded fuel at an airport as described in this subsection (5)(c); and

(d) Until January 1, 2026, planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of facilities for those experiencing homelessness and affordable housing projects.

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

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

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

Passed by the House March 12, 2025.
Passed by the Senate April 10, 2025.
Approved by the Governor April 21, 2025.
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