

SENATE BILL REPORT

SHB 1650

As of March 17, 2025

Title: An act relating to the addition of airport capital projects as an allowable use of local real estate excise tax revenues.

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

Sponsors: House Committee on Finance (originally sponsored by Representatives Dent, Fey, Barkis, Bronoske, Eslick, Zahn and Graham).

Brief History: Passed House: 3/12/25, 96-1.

Committee Activity: Ways & Means: 3/18/25.

Brief Summary of Bill

- Adds small airports to the definition of capital projects that are allowable uses of local real estate excise tax revenue.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Alia Kennedy (786-7405)

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 greater than \$525,000 but equal to or less than \$1.525 million;
- 2.75 percent on the portion of the selling price greater than \$1.525 million but equal

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- to or less than \$3.025 million; and
- 3 percent on the portion of the selling price greater than \$3.025 million.

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; and
- 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 integral to the capital project.

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 included in the most recent Washington aviation system plan published by the Washington Department of Transportation Aviation Division and 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 are included under the definition of capital projects for which local REET 1 and 2 revenues can be used. These airport capital projects do not include the installation or improvement of fuel systems for the distribution of leaded fuel.

Appropriation: None.

Fiscal Note: Requested on March 14, 2025.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.