

HB 1791 -- Redline

Substitute to Bill -- Increasing the flexibility of existing funding sources to fund public safety and other facilities by modifying the local real estate excise tax.

Deletions ~~struck~~ · Insertions underlined

~~H-1624.1~~H-0539.1 ~~SUBSTITUTE~~ HOUSE BILL 1791 State of Washington 69th Legislature 2025 Regular Session By ~~House Finance (originally sponsored by~~ Representatives Paul, Low, Ramel, Peterson, Nance, Springer, and ~~Leavitt)~~Leavitt ~~READ~~Read ~~FIRST~~first ~~TIME~~time ~~02/26/25~~02/03/25.

Referred to Committee on Finance.

1 ~~SHB~~HB 1791 also includes the grant, assignment, quitclaim, sale, or transfer of improvements constructed upon leased land.

2 ~~SHB~~HB 1791 contains a forfeiture clause, or deed in lieu of foreclosure of a mortgage.

3 ~~SHB~~HB 1791 children of the transferor or the transferor's spouse or domestic partner.

4 ~~SHB~~HB 1791 personal property in exchange for that person or persons' interest in the entity.

5 ~~SHB~~HB 1791 (A) The adult child with developmental disabilities of the transferor of the residential property must be allowed to reside in the residence or successor property so long as the placement is safe and appropriate as determined by the department of social and health services;

6 ~~SHB~~HB 1791 (iv) In order to receive an exemption under this subsection (3)(t) an affidavit must be submitted by the transferor of the residential property and must include a copy of the transfer agreement and any other documentation as required by the department.

7 ~~SHB~~HB 1791 and must also certify, by affidavit at the time of sale or transfer, that it intends to comply with those requirements.

8 ~~SHB~~HB 1791 (iv) Each affidavit must be filed with the department upon completion of the sale or transfer of property, including transfers from a qualifying grantee to a different qualifying grantee.

(w)(i) ~~Beginning~~The ~~January 1, 2026, the~~ sale of qualified space in a development that qualifies for a property tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a nonprofit organization, a housing authority, or public corporation for use for an exempt community purpose.

9 ~~SHB~~HB 1791 purchase real property, including standing timber, or any estate or interest therein or other contract under which possession of the property is given to the purchaser, or any other person at the purchaser's direction, and title to the property is retained by the vendor as security for the payment of the purchase price.

10 ~~SHB~~HB 1791 (b) A transfer by transfer on death deed, to the extent that it is not in satisfaction of a contractual obligation of the decedent owed to the recipient of the property.

11 ~~SHB~~HB 1791 (o) A sale to a regional transit authority or public corporation under RCW 81.112.320 under a sale/leaseback agreement under RCW 81.112.300.

12 ~~SHB~~HB 1791 or more persons previously holding a controlling interest in the entity receive cash or property in exchange for any interest the person or persons acting in concert hold in the entity.

13 ~~SHB~~HB 1791 and (C) the continued use of the property for low-income housing.

14 ~~SHB~~HB 1791 (iii) A "qualified entity" is:

15 ~~SHB~~HB 1791 (I) The qualifying grantee must receive or qualify the property for a tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010;

16 ~~SHB~~HB 1791 (v)(i) The sale of qualified space in a development that qualifies for a property tax exemption under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a nonprofit organization, a housing authority, or public corporation for use for an exempt community purpose.

17 ~~SHB~~HB 1791 improvements plan and local capital improvements, including those listed in RCW 35.43.040(.).

(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~~one-half of ~~one))~~one ~~0.5~~ percent of the selling price.

18 ~~SHB~~HB 1791 libraries;

19 ~~SHB~~HB 1791 funding to pay for all capital projects, as defined in RCW 82.46.010, identified in its capital facilities plan for the succeeding two-year period.

20 ~~SHB~~HB 1791 (1) ((Except for revenues used after May 13, 2021, through December 31, 2023, as provided in subsection (3) of this section, the)) 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 one-quarter of one)) one~~ 0.25 percent of the selling price.

(3) ~~((Revenues)) Revenues Except as provided in subsection (5) of this section, 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))~~.

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

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

21 ~~SHB~~ 1791 ~~((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;

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

~~((6))~~ (5) ~~Revenues A generated county by or the city tax may imposed use under the subsection greater (2) of this \$100,000 section or may 25 be percent used of towards available planning funds ((, acquisition, but construction, not reconstruction, to repair, exceed replacement, \$1,000,000,)) rehabilitation, or improvement of facilities for those capital experiencing homelessness and affordable housing projects that as are defined supported in through subsection an ((5)) interlocal (4)(c) housing of collaboration this as section. established under chapter 30.34 RCW.~~

~~(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)) (4)(c) of this section.~~

~~(7) ((7))~~ (6) A county or city using funds for uses in subsection ((5)) (4)(c) 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)) (4)(a) of this section.

~~(8) ((8))~~ (7) 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.

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

~~22 SHB 1791 percent of available funds ((, but not to exceed \$1,000,000 per year, except for the period from May 13, 2021, through December 31, 2023, when the greater of \$100,000 or 35 percent may be used)) from revenues collected under RCW 82.46.035 for ((:~~

(b) The planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, improvement, or maintenance of ~~capital p. projects as defined in RCW 82.46.010(6)(b) that are not also included within the definition of capital projects in RCW 82.46.035(5);~~

22 HB 1791 capital projects as defined in RCW 82.46.010(6)(b) that are not also included within the definition of capital projects in RCW 82.46.035(5);

~~p. (3) The report prepared under subsection (2)(a) of this section must:~~

~~23 SHB 1791 (3) The report prepared under subsection (2)(a) of this section must:~~

and (d) identify what percentage of funding for capital projects within the city or county is attributable to revenues under RCW 82.46.035 compared to all other ~~sources p. of capital project funding.~~

23 HB 1791 sources of capital project funding.

24 ~~SHB~~ 1791