

Chapter 19

Real Estate Excise Tax

82.45.010(3)(a) - Transfers by gift, devise, or inheritance

Description Transfers of real property by gift, inheritance or device (a will) are not subject to state or local real estate excise tax (REET).

Purpose Gifted, inherited, or willed transfers of real property are not sales. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$71.720	\$72.720	\$73.540	\$72.980
Local Taxes	\$23.130	\$23.510	\$23.780	\$24.400

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$66.660	\$73.540	\$72.980
Local Taxes	\$0.000	\$21.550	\$23.780	\$24.400

Assumptions Eleven months of cash collections for Fiscal Year 2021 due to the July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council's March 2019 forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons acquiring real estate through a gift, devise, or inheritance
Taxpayer Count:	24,866
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(b) - Transfer on death deeds

Description Transfers of real property through a transfer on death deed are not subject to state or local real estate excise tax.

Purpose Provides another mechanism for tax-free transfers of real property to a beneficiary upon death by excluding transfer by transfer on death deed from the definition of sales.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions No property transfers that involve this REET exemption, and will not be used during the forecast period.

Data Sources Department real estate excise tax system

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons acquiring real estate through a death deed
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(c) - Leasehold interest transfers

Description Leasing, subleasing, or renting real property is not subject to state or local real estate excise tax.

Purpose Leasing or renting real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$3.060	\$3.020	\$3.010	\$3.120
Local Taxes	\$1.010	\$1.020	\$1.030	\$1.060

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$2.770	\$3.010	\$3.120
Local Taxes	\$0.000	\$0.935	\$1.030	\$1.060

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons clearing title on real estate with a recorded long-term leasehold interest
Taxpayer Count:	852
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(d) - Forfeiture of interest in sale of real property

Description Transfers of real property because of debt proceedings such as a foreclosure are not subject to state or local real estate excise tax.

Purpose Transferring debt on real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.196	\$0.185	\$0.187	\$0.185
Local Taxes	\$0.066	\$0.067	\$0.068	\$0.070

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.169	\$0.187	\$0.185
Local Taxes	\$0.000	\$0.061	\$0.068	\$0.070

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020 effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons recording a forfeiture of interest in sale of real property
Taxpayer Count:	95
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(e) - Partition by tenants in common

Description Transferring parts of real property between multiple owners of the same property is not subject to state or local real estate excise tax.

Purpose Transfers between owners of the same property are not sales. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$1.740	\$1.660	\$1.670	\$1.580
Local Taxes	\$0.580	\$0.590	\$0.690	\$0.510

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$1.530	\$1.670	\$1.580
Local Taxes	\$0.000	\$0.540	\$0.690	\$0.510

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020 effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons recording a partition or real estate held by tenants in common
Taxpayer Count:	614
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(f) - Assignment of property through divorce

Description Transfers of real property to a spouse or domestic partner because of divorce or property settlement proceedings are not subject to state or local real estate excise tax.

Purpose Transferring real property because of divorce is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$61.830	\$58.410	\$59.070	\$60.530
Local Taxes	\$20.870	\$21.160	\$21.400	\$21.980

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$53.540	\$59.070	\$60.530
Local Taxes	\$0.000	\$19.400	\$21.400	\$21.980

Assumptions

11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1955
Primary Beneficiaries:	Persons recording an assignment of property through divorce, property settlement
Taxpayer Count:	20,977
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(g) - Transfer of vendor's interest

Description Transferring the mortgage interest in a real property to a new mortgage vendor is not subject to state or local real estate excise tax.

Purpose Transferring the mortgage of a real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.447	\$0.454	\$0.459	\$0.347
Local Taxes	\$0.144	\$0.146	\$0.148	\$0.150

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.417	\$0.459	\$0.347
Local Taxes	\$0.000	\$0.134	\$0.148	\$0.150

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording an assignment or transfer of vendor's interest in contract
Taxpayer Count:	60
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(h) - Condemnation proceedings

Description Transfers of real property because of a forced sale by a governmental body are not subject to state or local real estate excise tax.

Purpose Transferring real property through "eminent domain" is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings *(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$5.660	\$7.100	\$7.180	\$7.310
Local Taxes	\$1.530	\$1.570	\$1.590	\$1.630

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal *(\$ in millions):*

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$6.510	\$7.180	\$7.310
Local Taxes	\$0.000	\$1.440	\$1.590	\$1.630

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording an assignment because of a condemnation proceeding
Taxpayer Count:	746
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(i) - Transfer of interest to secure debt

Description Transfers of the interest in real property by acquiring a second mortgage or the sale of a mortgage is not subject to state or local real estate excise tax.

Purpose Transferring the interest in real property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.047	\$0.044	\$0.046	\$0.044
Local Taxes	\$0.016	\$0.016	\$0.016	\$0.016

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.041	\$0.046	\$0.044
Local Taxes	\$0.000	\$0.015	\$0.016	\$0.016

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a transfer of interest to secure debt
Taxpayer Count:	22
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(j) - Foreclosure; deeds in lieu of foreclosure

Description Transfers of real property because of a foreclosure are not subject to state or local real estate excise tax.

Purpose Transferring real property through foreclosure is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$4.350	\$4.410	\$4.460	\$4.700
Local Taxes	\$1.400	\$1.420	\$1.440	\$1.480

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$4.050	\$4.460	\$4.700
Local Taxes	\$0.000	\$1.300	\$1.440	\$1.480

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1953
Primary Beneficiaries:	Persons recording a transfer for foreclosure and deeds in lieu of foreclosure
Taxpayer Count:	2,006
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(k) - Mortgage insurers

Description Transfers of real property from a mortgage lender to the Veterans Administration or Federal Housing Authority are not subject to state or local real estate excise tax.

Purpose Transferring the interest in a property is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.866	\$0.806	\$0.815	\$0.867
Local Taxes	\$0.295	\$0.299	\$0.303	\$0.311

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.739	\$0.815	\$0.867
Local Taxes	\$0.000	\$0.274	\$0.303	\$0.311

Assumptions 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1953
Primary Beneficiaries:	Persons recording a transfer for a mortgage insurer
Taxpayer Count:	354
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(I) - Transfer where REET already paid or lease/contract began prior to 1951

Description Transfers of real property for which REET taxes have already been paid or through a lease that began prior to 1951 are not subject to state or local real estate excise tax.

Purpose Transferring real property as a 99 year lease is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects market price.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	D	D	D	D
Local Taxes	D	D	D	D

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	D	D	D
Local Taxes	\$0.000	D	D	D

Assumptions

- There are too few sales to estimate impact in counties not reporting electronically.
- 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a transfer where REET was already paid or lease/contract began prior to 1951
Taxpayer Count:	Fewer than three taxpayers
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(m) - Grave or cemetery lot sale

Description Transferring real property by selling a cemetery lot is not subject to state or local real estate excise tax.

Purpose Transferring real property as a cemetery lot is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price. It would be difficult to decide on a market price for such a small portion of real property.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.146	\$0.139	\$0.144	\$0.151
Local Taxes	\$0.050	\$0.052	\$0.054	\$0.056

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.127	\$0.144	\$0.151
Local Taxes	\$0.000	\$0.048	\$0.054	\$0.056

Assumptions

- Growth rate mirrors the growth in cemetery revenues as reflected in U.S. Census Bureau's five year economic census.
- 11 months of collections in Fiscal year 2021 due to July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department of Licensing Cemetery Endowment Care Annual Report
- U.S. Census Bureau Economic Census

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a transfer for grave or cemetery lot sales
Taxpayer Count:	86
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(n) - Governmental transfers

Description Real property sold by the federal, state, or local government is not subject to state or local real estate excise tax.

Purpose Governments are exempt from most taxes because this just transfers funds between jurisdictions. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$19.700	\$26.290	\$26.580	\$27.860
Local Taxes	\$4.980	\$5.150	\$5.210	\$5.360

Repeal of exemption Repealing this exemption would increase revenues; however the federal government is constitutionally exempt from almost all state taxes.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$24.100	\$26.580	\$27.860
Local Taxes	\$0.000	\$4.720	\$5.210	\$5.360

Assumptions 11 months of cash collections in Fiscal Year 2021 due to the July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a governmental transfer
Taxpayer Count:	2,106
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2011

82.45.010(3)(o) - Sales to regional transit authorities

Description Transfers of real property to a regional transit authority through a sale and leaseback arrangement are not subject to state or local real estate excise tax. Regional transit authorities may sell facilities and then lease them back from the investor.

Purpose Transferring real property for the purpose of leasing it back is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

Exemption has not been utilized and is not expected to be utilized in the future.

Data Sources

Department of Revenue real estate excise tax administration system

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale to a regional transit authority
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.45.010(3)(p) - No change in beneficial owner

Description Transfers of real property that are a mere change in form of ownership are exempt from the state and local real estate excise tax. Such transfers include transfers to business entity that is wholly owned by the person making the transfer and his or her family members, provided there is no change in beneficial ownership as a result of the transfer.

Purpose To allow the tax-free transfer of property to a business entity in circumstances where the transferor or transferors are closely related and receive ownership interests in the entity in the same proportion as their ownership in the real property.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$108.200	\$122.800	\$124.100	\$125.100
Local Taxes	\$32.000	\$32.800	\$33.100	\$34.000

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$112.600	\$124.100	\$125.100
Local Taxes	\$0.000	\$30.100	\$33.100	\$34.000

Assumptions Eleven months of cash collections in Fiscal Year 2021 due to the July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

82.45.010(3)(p) - No change in beneficial owner

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale with no change in beneficial owner
Taxpayer Count:	20,226
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.45.010(3)(q) - IRS transfers

Description Transferring real property to form, liquidate, or reorganize a corporation or partnership is not subject to state or local real estate excise tax. This only applies to real property transfers that qualify as a non-recognition of gain or loss transaction under the Internal Revenue Code.

Purpose Transferring real property to form, liquidate, or reorganize a corporation or partnership is not a sale. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$22.500	\$30.980	\$31.320	\$32.340
Local Taxes	\$5.490	\$5.680	\$5.750	\$5.910

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$28.400	\$31.320	\$32.340
Local Taxes	\$0.000	\$5.210	\$5.750	\$5.910

Assumptions

Eleven months of cash collections in Fiscal Year 2021 due to the July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale because of IRS transfers
Taxpayer Count:	1,013
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.45.010(3)(r) - Manufactured home communities

Description A qualified sale of a manufactured or mobile home community that takes place before January 1, 2030, is not subject to state or local real estate excise tax.

Purpose Encourage and facilitate the preservation of existing manufactured home communities.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.015	\$0.014	\$0.013	\$0.013
Local Taxes	\$0.005	\$0.005	\$0.005	\$0.005

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.012	\$0.013	\$0.013
Local Taxes	\$0.000	\$0.005	\$0.005	\$0.005

Assumptions

- There are too few sales to estimate impact in counties not reporting electronically.
- 11 months of cash collections in Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	Persons recording a sale involving a manufactured home community
Taxpayer Count:	9
Program Inconsistency:	None evident
JLARC Review:	JLARC completed a full review in 2017

82.45.010(3)(s) - Low-income housing

Description Transfers of real property by an organization that was allocated federal low-income housing tax credits are not subject to state or local real estate excise tax.

Purpose To support the development of affordable housing projects. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$1.920	\$2.710	\$2.710	\$2.900
Local Taxes	\$0.260	\$0.270	\$0.270	\$0.280

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$2.470	\$2.710	\$2.900
Local Taxes	\$0.000	\$0.250	\$0.270	\$0.280

Assumptions

- No impact due to disallowance or recapture of federal low-income housing credits.
- July 1, 2020, effective date, 11 months of cash collections in Fiscal Year 2021.

Data Sources

- Washington State Housing Finance Commission
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Bureau of Labor statistics

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2018
Primary Beneficiaries:	Those receiving federal low-income housing tax credits
Taxpayer Count:	30
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.45.010(3)(t)(i) - Housing for developmentally disabled persons

Description Transfers of real property by a legal representative of a person with developmental disabilities to a qualified entity that provides residential supported living for persons with developmental disabilities are not subject to state or local real estate excise tax.

Purpose To expand housing opportunities for persons with developmental disabilities.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

This exemption has not been used and it is not expected to be utilized during the forecast period of this study.

Data Sources

None

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2018
Primary Beneficiaries:	Those transferring property as a legal representative of a person with developmental disabilities
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.45.010(3)(u) - Self-help housing

Description Transfers of real property by an affordable homeownership facilitator of self-help housing to a low-income household are not subject to state or local real estate excise tax.

Purpose To provide real estate excise tax relief to developers of self-help housing.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.099	\$0.125	\$0.126	\$0.129
Local Taxes	\$0.031	\$0.046	\$0.047	\$0.048

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.115	\$0.126	\$0.129
Local Taxes	\$0.000	\$0.042	\$0.047	\$0.048

Assumptions

- Property value growth is half that used by the Department to determine forecasted property tax rates.
- None of these properties is agricultural or timber land.
- All self-help properties are sold at prices less than \$500,000 through Fiscal Year 2023, and less than \$525,000 in Fiscal Years 2024 and 2025.
- This exemption is effective October 1, 2019, causing 9 months of taxpayer savings in Fiscal Year 2020.
- 11 months of collections in Fiscal Year 2021 due to July 1, 2020, effective date.

Data Sources

- Department of Revenue excise tax data
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council's June 2019 forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

82.45.010(3)(u) - Self-help housing

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2019
Primary Beneficiaries:	Low-income households acquiring real estate through affordable homeownership facilitators
Taxpayer Count:	32
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC

82.45.030(3) - Foreclosure relocation assistance

Description For real estate excise tax (REET) purposes, "total consideration paid" does not include any outstanding lien or encumbrances in favor of a governmental body or any relocation assistance provided during a foreclosure.

Purpose REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price. Governmental liens and relocation assistance are not part of the market price of a property.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would increase revenues.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

Exemption has not be utilized and is not expected to be utilized in the future.

Data Sources

None

Additional Information

Additional Information	
Category:	Other
Year Enacted:	1951
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2013

82.45.190 - 2nd Narrows bridge

Description A real estate excise tax exemption is provided for the transfer of state route 16 corridor transportation facilities which were constructed under Chapter 47.46 RCW. This addresses the construction of the second bridge over Puget Sound at the Tacoma Narrows.

Purpose As originally planned, this exemption would enable transfer of the completed bridge to the private operator of the facility without incurring real estate excise tax liability.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Repeal of exemption

Repealing this exemption would not increase revenues. There are no private property transfers anticipated on the 2nd Narrows Bridge project.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.000	\$0.000	\$0.000
Local Taxes	\$0.000	\$0.000	\$0.000	\$0.000

Assumptions

This exemption has no impact.

Data Sources

None

Additional Information

Additional Information	
Category:	Tax Base
Year Enacted:	1998
Primary Beneficiaries:	None
Taxpayer Count:	0
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.45.195 - Standing timber

Description Sales of timber harvested within 30 months of a severance contract are exempt from the state or local real estate excise tax.

Purpose Providing tax relief to the wood products industry.

Taxpayer savings

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.910	\$1.330	\$1.340	\$1.480
Local Taxes	\$0.280	\$0.290	\$0.290	\$0.300

Repeal of exemption

Repealing this exemption would subject the property to Real Estate Excise Tax, but not to B&O Tax.

Potential revenue gains from full repeal

(\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$1.210	\$1.340	\$1.480
Local Taxes	\$0.000	\$0.270	\$0.290	\$0.300

Assumptions

- 11 months of cash collections impact in Fiscal Year 2021 with July 1, 2020, effective date.
- Taxpayers will save an estimated \$1.6 million in state REET but pay an additional \$250 thousand in business and occupation taxes in Fiscal Year 2021.

Data Sources

- Department excise tax data
- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Business
Year Enacted:	2007
Primary Beneficiaries:	Persons harvesting timber
Taxpayer Count:	45
Program Inconsistency:	None evident
JLARC Review:	JLARC completed an expedited report in 2014

82.45.197 - Transfers without a will

Description Transfers of real property by inheritance, through operation of law, but absent a will, trust, or community property agreement, are not subject to state or local real estate excise tax (REET).

Purpose Inherited transfers of real property are not sales. REET taxes arm's-length purchases of real estate in situations where the purchase price reflects the market price.

Taxpayer savings (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.516	\$0.485	\$0.490	\$0.496
Local Taxes	\$0.175	\$0.177	\$0.179	\$0.184

Repeal of exemption Repealing this exemption would increase revenues.

Potential revenue gains from full repeal (\$ in millions):

	FY 2020	FY 2021	FY 2022	FY 2023
State Taxes	\$0.000	\$0.445	\$0.490	\$0.496
Local Taxes	\$0.000	\$0.162	\$0.179	\$0.184

Assumptions

- There are too few sales to estimate the impact in those counties that do not report to us electronically.
- Eleven months of cash collections impact for Fiscal Year 2021 with July 1, 2020, effective date.

Data Sources

- Department real estate excise tax administration system
- Department integrated property tax models
- 2018 state school levy for taxes due in 2019
- Economic and Revenue Forecast Council June 2019 Forecast
- Office of Financial Management designated rural counties as of April 1, 2019
- Bureau of Labor Statistics

Additional Information

Additional Information	
Category:	Other
Year Enacted:	2016
Primary Beneficiaries:	Individuals inheriting property
Taxpayer Count:	180
Program Inconsistency:	None evident
JLARC Review:	Not reviewed by JLARC