

Real Estate Excise Taxes

RCW Chapters 82.45 and 82.46

Tax Base Sales of real estate measured by the selling price, including the amount of any liens, mortgages, or other debts. The tax is typically paid by the seller of the property.

The tax also applies to transfers of controlling interests in entities that own property in the state.

Tax exemptions may reduce the tax liability for this tax base. For more information, refer to the [Tax Exemption Study](#).

Tax Rate

State Tax:	
<ul style="list-style-type: none"> 1.28 percent 	
City and County Taxes Authorized:	Percent
<ul style="list-style-type: none"> Financing of capital improvements 	0.25%
<ul style="list-style-type: none"> Financing capital projects specified in a comprehensive plan 	0.25%
<ul style="list-style-type: none"> Financing for general purposes – may only be imposed if the city or county does not levy the optional 0.5 percent sales tax 	0.50%
County Only Taxes Authorized:	Percent
<ul style="list-style-type: none"> Financing for acquiring and maintaining conservation areas 	1.00%
<ul style="list-style-type: none"> Financing for acquisitions, construction, and operation of affordable housing facilities for persons with: <ul style="list-style-type: none"> low/moderate income, or special needs 	0.50%

Real Estate Excise Taxes

Recent Collections (\$000)

Fiscal Year	Collections	% Change	% of All State Taxes
2016	\$959,492	18.6%	5.3%
2015	\$808,977	22.2%	4.8%
2014	\$662,132	13.4%	4.1%
2013	\$583,763	38.2%	3.8%
2012	\$422,360	11.2%	2.9%
2011	\$379,748	-7.8%	2.7%
2010	\$411,871	-3.3%	3.1%
2009	\$426,048	-40.6%	2.8%
2008	\$716,680	-38.2%	5.1%
2007	\$1,159,670	14.8%	7.6%

Distribution of Receipts

Until June 30, 2019, receipts from the state tax are distributed as follows:

Net proceeds to State:	Percent
• State General Fund	92.3%
• Public Works Assistance Account	2.0%
• Education Legacy Trust Account	4.1%
• City/County Assistance Fund	1.6%
Penalties:	Percent
• Penalties on delinquent tax payments are deposited into the housing trust fund	100%

Note: 1.3 percent of the state tax collected is retained by the counties for administration costs.

Receipts from cities and counties are distributed as follows:

Net proceeds to Counties	Percent
• County Current Expense Fund	1.0%
• County Capital Improvements Fund	99.0%
Net proceeds to Cities	Percent
• Distributed to respective cities/towns to be placed in Municipal Capital Improvements Funds	100%

Levied by State, cities, and counties.

Real Estate Excise Taxes

Administration

State Tax:
<ul style="list-style-type: none"> • The Department of Revenue is responsible for the state tax. • County treasurers collect the state taxes <ul style="list-style-type: none"> ○ When there is a transfer of controlling interests in entities that own property, that tax is reported directly to the Department ○ Counties retain 1.3 percent of the collections from the state tax as compensation for collecting the tax. ○ State tax collected is remitted to the State Treasurer by the last working day of each month.
Local Taxes:
<ul style="list-style-type: none"> • County treasurers collect the local real estate excise taxes. <ul style="list-style-type: none"> ○ Buyers or sellers pay the tax when filing the affidavit required when property is sold. ○ Counties retain 1.3 percent of the 0.25 percent used for financing of capital improvements and the 0.5 percent used for general purposes as compensation for collecting the tax.

History

- 2010 Changes were made as to who is liable for the REET when there is a controlling interest transfer to address differences between publicly traded corporations and closely held entities.
- 2009 Legislation imposed a \$5 fee on each real estate affidavit filed. Receipts are used to finance county assessor costs for annual updating of assessed values.
- 2005 Legislation (1) created an electronic payment system and new fees to finance system costs, (2) advanced transmittal of the state tax from the 20th day of the following month to the last working day of the current month, and (3) increased the county administrative fee to 1.3 percent.

The public works account distribution was reduced from 7.7 percent to 6.1 percent, and a new distribution of 1.6 percent to provide assistance to cities and counties was created.
- 2002 The 1 percent local tax for affordable housing was established.
- 1999 Controlling interests were defined as any acquisition of an entity within a 12-month period.

Real Estate Excise Taxes

- 1993 The tax was extended to the acquisition of a controlling interest in an entity which owns real property. The exemption for sales of real estate to a governmental entity was repealed.
- 1990 The 1 percent county tax for conservation areas and the 0.25 percent city/county tax for capital projects specified in a comprehensive plan were authorized.
- 1987 The legislature repealed the conveyance tax, and raised the rate of the real estate excise tax from 1.07 percent to 1.28 percent. An additional real estate excise tax of 0.06 percent was temporarily imposed to provide funding for state acquisition of conservation lands.
- 1982 Two surtaxes were applied to the state rate, increasing it to 1.07 percent. The 0.25 percent tax for capital purposes and 0.5 percent tax in lieu of the optional local sales tax were authorized.
- 1981 Real estate excise tax was shifted to the state consistent with a 1987 court ruling that funding for basic education is a state responsibility. Collections remained with the county treasurers.
- 1951 The real estate excise tax was initially authorized as a county tax. The rate was 1 percent and all receipts except for a 0.5 percent administrative fee were dedicated to school districts.
-