

# 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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons acquiring real estate through a gift, devise, or inheritance
<b>Taxpayer Count:</b>	24,866
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1955
<b>Primary Beneficiaries:</b>	Persons acquiring real estate through a death deed
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons clearing title on real estate with a recorded long-term leasehold interest
<b>Taxpayer Count:</b>	852
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1955
<b>Primary Beneficiaries:</b>	Persons recording a forfeiture of interest in sale of real property
<b>Taxpayer Count:</b>	95
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1955
<b>Primary Beneficiaries:</b>	Persons recording a partition or real estate held by tenants in common
<b>Taxpayer Count:</b>	614
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1955
<b>Primary Beneficiaries:</b>	Persons recording an assignment of property through divorce, property settlement
<b>Taxpayer Count:</b>	20,977
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording an assignment or transfer of vendor's interest in contract
<b>Taxpayer Count:</b>	60
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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
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- Bureau of Labor Statistics

**Additional Information**

Additional Information	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording an assignment because of a condemnation proceeding
<b>Taxpayer Count:</b>	746
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a transfer of interest to secure debt
<b>Taxpayer Count:</b>	22
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1953
<b>Primary Beneficiaries:</b>	Persons recording a transfer for foreclosure and deeds in lieu of foreclosure
<b>Taxpayer Count:</b>	2,006
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1953
<b>Primary Beneficiaries:</b>	Persons recording a transfer for a mortgage insurer
<b>Taxpayer Count:</b>	354
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a transfer where REET was already paid or lease/contract began prior to 1951
<b>Taxpayer Count:</b>	Fewer than three taxpayers
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a transfer for grave or cemetery lot sales
<b>Taxpayer Count:</b>	86
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a governmental transfer
<b>Taxpayer Count:</b>	2,106
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a sale to a regional transit authority
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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

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### 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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a sale because of IRS transfers
<b>Taxpayer Count:</b>	1,013
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	Persons recording a sale involving a manufactured home community
<b>Taxpayer Count:</b>	9
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Business
<b>Year Enacted:</b>	2018
<b>Primary Beneficiaries:</b>	Those receiving federal low-income housing tax credits
<b>Taxpayer Count:</b>	30
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Business
<b>Year Enacted:</b>	2018
<b>Primary Beneficiaries:</b>	Those transferring property as a legal representative of a person with developmental disabilities
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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

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### 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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	1951
<b>Primary Beneficiaries:</b>	None
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Tax Base
<b>Year Enacted:</b>	1998
<b>Primary Beneficiaries:</b>	None
<b>Taxpayer Count:</b>	0
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Business
<b>Year Enacted:</b>	2007
<b>Primary Beneficiaries:</b>	Persons harvesting timber
<b>Taxpayer Count:</b>	45
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	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	
<b>Category:</b>	Other
<b>Year Enacted:</b>	2016
<b>Primary Beneficiaries:</b>	Individuals inheriting property
<b>Taxpayer Count:</b>	180
<b>Program Inconsistency:</b>	None evident
<b>JLARC Review:</b>	Not reviewed by JLARC