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**SUBSTITUTE HOUSE BILL 1495**

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**State of Washington                      61st Legislature                      2009 Regular Session**

**By** House Local Government & Housing (originally sponsored by Representatives Pettigrew, Nelson, Kenney, White, and Ormsby)

READ FIRST TIME 02/17/09.

1            AN ACT Relating to real estate excise tax exemptions to stabilize  
2 neighborhoods; adding new sections to chapter 82.45 RCW; adding a new  
3 section to chapter 82.46 RCW; creating a new section; and providing  
4 expiration dates.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            NEW SECTION.    **Sec. 1.**    The legislature finds that there is a  
7 substantial inventory of unsold or foreclosed vacant homes on the  
8 market that is driving property values down and destabilizing  
9 neighborhoods. These homes also present an opportunity to provide  
10 affordable homes to low-income families, addressing some of the unmet  
11 need for affordable housing in the state of Washington. The  
12 legislature also finds that providing targeted incentives to housing  
13 developers will stimulate the sale of these vacant homes to low-income  
14 buyers now and stabilize neighborhoods affected by this growing  
15 inventory. The legislature intends to provide such incentives through  
16 excise tax relief on sales of homes to low-income first-time home  
17 buyers.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.45 RCW  
2 to read as follows:

3        (1) A sale of a qualifying residential housing unit to a buyer  
4 meeting the conditions and requirements of this section is exempt from  
5 tax under this chapter.

6        (2) A buyer must acquire the qualifying residential housing unit  
7 through a fixed-rate mortgage.

8        (3) The Washington state housing finance commission or a housing  
9 counseling agency certified by the department of housing and urban  
10 development must certify that the following conditions under this  
11 subsection have been satisfied:

12        (a) The buyer and the buyer's spouse or domestic partner have not  
13 owned a home during the three-year period prior to purchase of the  
14 home;

15        (b) The buyer has completed a home buyer education seminar; and

16        (c) The buyer is part of a low-income household.

17        (4) When the amount of state real estate excise taxes exempted  
18 under this section and section 3 of this act exceeds seven hundred  
19 fifty thousand dollars in any fiscal year, the department must contact  
20 all county treasurers to notify them that the exemption authorized  
21 under this section and section 3 of this act is disallowed for real  
22 estate sales occurring on or after the first day of the second month  
23 following the transmittal month to the state treasurer under RCW  
24 82.45.180 where the seven hundred fifty thousand dollar limit was  
25 determined by the department to be exceeded. The disallowance of the  
26 exemption under this subsection applies for the remainder of the state  
27 fiscal year unless the effective date of the disallowance occurs in the  
28 following fiscal year, in which case this subsection does not apply.

29        (5) The definitions in this subsection apply to this section.

30        (a) "First-time home buyer" means an individual or his or her  
31 spouse or domestic partner, who has not owned a home during the three-  
32 year period prior to purchase of a home.

33        (b) "Low-income household" means an individual and his or her  
34 spouse or domestic partner, whose adjusted income is at or below eighty  
35 percent of the median family income, adjusted for household size, for  
36 the county where the project is located, and who is a first-time home  
37 buyer.

1 (c) "Qualifying residential housing unit" means a new residential  
2 housing unit or a residential housing unit that has been foreclosed and  
3 is unoccupied due to the foreclosure.

4 (d) "Residential housing unit" or "unit" means a single-family  
5 home, condominium, or townhome, and includes the land upon which the  
6 home, condominium, or townhome is located.

7 (6) An exemption may not be claimed under this section for sales  
8 occurring on or after January 1, 2013.

9 (7) This section expires July 1, 2013.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.45 RCW  
11 to read as follows:

12 (1)(a) A sale to a qualifying organization where the organization  
13 is exercising an option to repurchase the property is exempt from tax  
14 under this chapter.

15 (b) A sale by a qualifying organization to a qualifying buyer is  
16 exempt from tax under this chapter.

17 (2) When the amount of state real estate excise taxes exempted  
18 under this section and section 2 of this act exceeds seven hundred  
19 fifty thousand dollars in any fiscal year, the department must contact  
20 all county treasurers to notify them that the exemption authorized  
21 under this section and section 2 of this act is disallowed for real  
22 estate sales occurring on or after the first day of the second month  
23 following the transmittal month to the state treasurer under RCW  
24 82.45.180 where the seven hundred fifty thousand dollar limit was  
25 determined by the department to be exceeded. The disallowance of the  
26 exemption under this subsection applies for the remainder of the state  
27 fiscal year unless the effective date of the disallowance occurs in the  
28 following fiscal year, in which case this subsection does not apply.

29 (3) The definitions in this subsection apply to this section.

30 (a) "Qualifying buyer" means a buyer meeting the requirements of  
31 sections 2(2) and (3) of this act.

32 (b) "Qualifying organization" means a nonprofit organization that  
33 is: (i) A tax exempt organization under Title 26 U.S.C. Sec. 501(c)(3)  
34 of the federal internal revenue code; and (ii) primarily engaged in the  
35 business of developing, building, or rehabilitating residential housing  
36 units.

1           (4) An exemption may not be claimed under this section for sales  
2 occurring on or after January 1, 2013.

3           (5) This section expires July 1, 2013.

4           NEW SECTION. **Sec. 4.** A new section is added to chapter 82.46 RCW  
5 to read as follows:

6           The exemptions in sections 2 and 3 of this act do not apply to  
7 taxes imposed under this chapter unless a city or county has adopted a  
8 resolution or ordinance authorizing the exemptions for purposes of city  
9 or county real estate excise taxes.

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