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**SUBSTITUTE HOUSE BILL 2276**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** House Finance (originally sponsored by Representatives Berg, Macri, Chopp, Street, Slatter, Reed, Ramel, Farivar, Alvarado, Kloba, Mena, Ormsby, Riccelli, Senn, Davis, Tharinger, Cortes, Stonier, Ortiz-Self, Fitzgibbon, Thai, Peterson, Fosse, Gregerson, Simmons, Taylor, Doglio, Pollet, Bateman, Lekanoff, Goodman, Berry, Santos, Wylie, Bergquist, Fey, Duerr, Ryu, Morgan, and Nance)

1 AN ACT Relating to increasing the supply of affordable and  
2 workforce housing by reducing taxes on real property sales under  
3 \$3,025,000, modifying the state and local real estate excise tax, and  
4 imposing a surcharge on the transfer of multimillion dollar  
5 properties; amending RCW 82.45.060, 82.45.230, 82.45.010, and  
6 82.45.010; adding new sections to chapter 82.45 RCW; creating new  
7 sections; providing effective dates; and providing an expiration  
8 date.

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

10 NEW SECTION. **Sec. 1.** The legislature finds that the lack of  
11 housing affordability and related instances of homelessness are  
12 issues that affect every community in Washington. The legislature  
13 also finds that increased homelessness is overwhelmingly caused by  
14 rising rents, which push people living at the margins into  
15 homelessness, erode public confidence, and undermine the shared  
16 values that have driven our state's prosperity. The legislature  
17 further finds that problems caused by rent increases are exacerbated  
18 by the associated issue of very low vacancy rates, which make it  
19 difficult for people to find a unit even when they have sufficient  
20 income or rental assistance to pay market rates. The legislature  
21 finds that low housing vacancy rates, the growth in population, and

1 limited housing supply have created a housing shortage in which  
2 existing inventory is priced at a premium. The legislature also finds  
3 that although household incomes have grown along with the economy,  
4 income increase for those with moderate and lower incomes have not  
5 kept pace with rent and purchase price increases. This problem is  
6 especially impacting lower and fixed income households, including  
7 seniors, veterans, farmworkers, and people with disabilities. Indeed,  
8 these trends, in combination with other market factors, have created  
9 a deficit of housing that is affordable and available, particularly  
10 for Washingtonians within the low to middle income range who are  
11 increasingly more vulnerable to homelessness. Moreover, the  
12 legislature finds that these households have the fewest options  
13 available in the private housing market. In strong housing markets,  
14 builders seek the highest achievable price to offset higher  
15 development costs, which means new production does not create more  
16 housing that is affordable.

17 The legislature further finds that having a home is a basic need  
18 and fundamental for Washington residents, and that all Washingtonians  
19 should be able to afford safe and dependable housing with access to  
20 opportunities such as education, employment, transit, and amenities.  
21 The legislature finds that housing that is affordable is an essential  
22 part of every community's infrastructure, serving as a platform for  
23 individuals and families to stabilize, build their economic futures,  
24 and thrive. Housing serves as a platform for better health and  
25 creates jobs and attracts investment, making it a prerequisite to  
26 economic growth and stronger communities. In addition, the  
27 legislature finds that a variety of housing types are needed to  
28 provide affordable options for families of all sizes and stages of  
29 life. Furthermore, the legislature finds that increasing the supply  
30 of permanently affordable housing, getting residents back into  
31 housing, and reducing homelessness is a priority of the people of  
32 Washington state and that reducing homelessness lessens fiscal impact  
33 to the state and improves the economic vitality of our businesses.

34 Moreover, the legislature finds that the private real estate  
35 market does not provide adequate housing options affordable for all  
36 economic segments, and therefore government assistance is needed to  
37 offer the full range of affordable housing options.

38 The legislature further finds that Washington has the most  
39 regressive tax code in the nation, with low-income families paying  
40 four times more in taxes, as a share of their income, than the

1 wealthiest individuals in the state. This means lower-income and  
2 middle-income families shoulder an inequitable amount of the  
3 responsibility of funding critical community investments and  
4 resources.

5 Therefore, it is the intent of the legislature to increase the  
6 supply of housing that is affordable through a permanent, dedicated  
7 investment in the Washington housing trust fund, and related housing  
8 programs, for Washington residents in the low-income to middle-income  
9 range while reducing their tax burden and ensuring Washington's most  
10 wealthy share more equitably in the responsibility of funding the  
11 essential need of affordable housing in our communities.

12 **Sec. 2.** RCW 82.45.060 and 2019 c 424 s 1 are each amended to  
13 read as follows:

14 (1) There is imposed an excise tax upon each sale of real  
15 property.

16 (a) Through December 31, 2019, the rate of the tax imposed under  
17 this section is 1.28 percent of the selling price.

18 (b) Beginning January 1, 2020, through December 31, 2025, and  
19 except as provided in (c) of this subsection, the rate of the tax  
20 imposed under this section is as follows:

21 (i) 1.1 percent of the portion of the selling price that is less  
22 than or equal to (~~five hundred thousand dollars~~) \$500,000;

23 (ii) 1.28 percent of the portion of the selling price that is  
24 greater than (~~five hundred thousand dollars~~) \$500,000 and equal to  
25 or less than (~~one million five hundred thousand dollars~~)  
26 \$1,500,000;

27 (iii) 2.75 percent of the portion of the selling price that is  
28 greater than (~~one million five hundred thousand dollars~~) \$1,500,000  
29 and equal to or less than (~~three million dollars~~) \$3,000,000; and

30 (iv) Three percent of the portion of the selling price that is  
31 greater than (~~three million dollars~~) \$3,000,000.

32 (c) The sale of real property that is classified as timberland or  
33 agricultural land is subject to the tax imposed under this section at  
34 a rate of 1.28 percent of the selling price.

35 (d) Beginning January 1, 2026, and except as provided in (c) of  
36 this subsection, the rate of the tax imposed under this section is as  
37 follows:

38 (i) 1.1 percent of the portion of the selling price that is less  
39 than or equal to \$750,000;

1 (ii) 1.28 percent of the portion of the selling price that is  
2 greater than \$750,000 and equal to or less than \$1,525,000;

3 (iii) 2.75 percent of the portion of the selling price that is  
4 greater than \$1,525,000 and equal to or less than \$3,025,000; and

5 (iv) 3.0 percent of the portion of the selling price that is  
6 greater than \$3,025,000.

7 (2) Beginning July 1, 2022, and every fourth year thereafter:

8 (a) The department must adjust the applicable selling price  
9 threshold in subsection (1)(b)(i) or (d)(i) of this section to  
10 reflect the lesser of the growth of the consumer price index for  
11 shelter or five percent. If the growth is equal to or less than zero  
12 percent, the current selling price threshold continues to apply.

13 (b) The department must adjust the applicable selling price  
14 thresholds in subsection (1)(b)(ii) through (iv) or (d)(ii) through  
15 (iv) of this section by the dollar amount of any increase in the  
16 applicable selling price threshold in subsection (1)(b)(i) or (d)(i)  
17 of this section.

18 (c) The department must publish updated selling price thresholds  
19 by September 1, 2022, and September 1st of every fourth year  
20 thereafter. Updated selling price thresholds (~~will~~) apply beginning  
21 January 1, 2023, and January 1st every fourth year thereafter.  
22 Adjusted selling price thresholds must be rounded to the nearest  
23 (~~one thousand dollars~~) \$1,000. No changes may be made to adjusted  
24 selling price thresholds once such adjustments take effect.

25 (d) The most recent selling price threshold becomes the base for  
26 subsequent adjustments.

27 (e) The department must report adjustments to the selling price  
28 thresholds to the fiscal committees of the legislature, beginning  
29 December 1, 2022, and December 1st every fourth year thereafter.

30 (3)(a) The department must publish guidance to assist sellers in  
31 properly classifying real property on the real estate excise tax  
32 affidavit for purposes of determining the proper amount of tax due  
33 under this section. Real property with multiple uses must be  
34 classified according to the property's predominant use. The  
35 department's guidance must include factors for use in determining the  
36 predominant use of real property.

37 (b) County treasurers are not responsible for verifying that the  
38 seller has properly classified real property reported on a real  
39 estate excise tax affidavit. The department is solely responsible for

1 such verification as part of its audit responsibilities under RCW  
2 82.45.150.

3 (4) (a) Beginning July 1, 2013, and ending December 31, 2019, an  
4 amount equal to two percent of the proceeds of this tax must be  
5 deposited in the public works assistance account created in RCW  
6 43.155.050, an amount equal to (~~four and one-tenth~~) 4.1 percent  
7 must be deposited in the education legacy trust account created in  
8 RCW 83.100.230, an amount equal to (~~one and six-tenths~~) 1.6 percent  
9 must be deposited in the city-county assistance account created in  
10 RCW 43.08.290, and the remainder must be deposited in the general  
11 fund.

12 (b) Beginning January 1, 2020, amounts collected from the tax  
13 imposed under this section must be deposited as provided in RCW  
14 82.45.230.

15 (5) The definitions in this subsection apply throughout this  
16 section unless the context clearly requires otherwise.

17 (a) "Agricultural land" means farm and agricultural land and farm  
18 and agricultural conservation land, as those terms are defined in RCW  
19 84.34.020, including any structures on such land.

20 (b) "Consumer price index for shelter" means the most current  
21 seasonally adjusted index for the shelter expenditure category of the  
22 consumer price index for all urban consumers (CPI-U) as published by  
23 July 31st by the bureau of labor statistics of the United States  
24 department of labor.

25 (c) "Growth of the consumer price index for shelter" means the  
26 percentage increase in the consumer price index for shelter as  
27 measured from data published by the bureau of labor statistics of the  
28 United States department of labor by July 31st for the most recent  
29 three-year period for the selling price threshold adjustment in 2022,  
30 and the most recent four-year period for subsequent selling price  
31 threshold adjustments.

32 (d) "Timberland" means land classified under chapter 84.34 RCW or  
33 designated under chapter 84.33 RCW, including any structures and  
34 standing timber on such land, and standing timber sold apart from the  
35 land upon which it sits.

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

38 (1) Beginning January 1, 2026, and in addition to the tax imposed  
39 in RCW 82.45.060, a real estate transfer tax is imposed on the sale

1 of real property in which the seller is required to pay real estate  
2 excise tax under RCW 82.45.060(1)(b)(iv). This tax must be paid by  
3 the seller and imposed and collected in the same manner as the real  
4 estate excise tax imposed under this chapter. The real estate  
5 transfer tax must be one percent of the selling price greater than  
6 the amount listed in RCW 82.45.060(1)(b)(iv).

7 (2) The selling price threshold in subsection (1) of this section  
8 must be adjusted by the department in accordance with RCW  
9 82.45.060(2).

10 (3) The amounts collected from the tax imposed under this section  
11 must be deposited as provided in RCW 82.45.230.

12 **Sec. 4.** RCW 82.45.230 and 2019 c 424 s 2 are each amended to  
13 read as follows:

14 ~~(1) ((Beginning January 1, 2020, and ending June 30, 2023, the~~  
15 ~~amounts received for the tax imposed on each sale of real property~~  
16 ~~under RCW 82.45.060 must be deposited as follows:~~

17 ~~(a) 1.7 percent must be deposited into the public works~~  
18 ~~assistance account created in RCW 43.155.050;~~

19 ~~(b) 1.4 percent must be deposited into the city-county assistance~~  
20 ~~account created in RCW 43.08.290;~~

21 ~~(c) 79.4 percent must be deposited into the general fund; and~~

22 ~~(d) The remainder must be deposited into the educational legacy~~  
23 ~~trust account created in RCW 83.100.230.~~

24 ~~(2))~~ Beginning July 1, 2023, and ~~((thereafter))~~ ending December  
25 31, 2025, the amounts received for the tax imposed on each sale of  
26 real property under RCW 82.45.060 must be deposited as follows:

27 (a) 5.2 percent must be deposited into the public works  
28 assistance account created in RCW 43.155.050;

29 (b) 1.4 percent must be deposited into the city-county assistance  
30 account created in RCW 43.08.290;

31 (c) 79.4 percent must be deposited into the general fund; and

32 (d) The remainder must be deposited into the education legacy  
33 trust account created in RCW 83.100.230.

34 (2) Beginning January 1, 2026, and thereafter, the amounts  
35 received for the real estate excise tax imposed on each sale of real  
36 property under RCW 82.45.060 and the real estate transfer tax imposed  
37 on the sale of real property pursuant to section 3 of this act must  
38 be deposited according to this subsection (2):

1 (a) 93.2 percent of the amounts from the real estate excise tax  
2 and the real estate transfer tax must be distributed as follows:

3 (i) 5.2 percent must be deposited into the public works  
4 assistance account created in RCW 43.155.050;

5 (ii) 1.4 percent must be deposited into the city-county  
6 assistance account created in RCW 43.08.290;

7 (iii) 79.4 percent must be deposited into the general fund; and

8 (iv) The remainder must be deposited into the education legacy  
9 trust account created in RCW 83.100.230.

10 (b) 6.8 percent of the amounts from the real estate excise tax  
11 and the real estate transfer tax must be distributed as follows:

12 (i) 25 percent must be deposited into the Washington housing  
13 trust fund created in RCW 43.185A.130 and five percent must be used  
14 solely for housing facilities in rural communities that prioritize  
15 servicing low-income farmworker households;

16 (ii) 25 percent must be deposited into the apple health and homes  
17 account created in RCW 43.330.184;

18 (iii) 25 percent must be deposited into the affordable housing  
19 for all account created in RCW 43.185C.190 for operations,  
20 maintenance, and service costs for permanent supportive housing as  
21 defined in RCW 36.70A.030;

22 (iv) 15 percent must be deposited into the developmental  
23 disabilities housing and services account created in section 5 of  
24 this act; and

25 (v) 10 percent must be deposited into the housing stability  
26 account created in section 6 of this act.

27 NEW SECTION. Sec. 5. A new section is added to chapter 82.45  
28 RCW to read as follows:

29 (1) The developmental disabilities housing and services account  
30 is created in the state treasury. Receipts from the real estate  
31 transfer tax directed to this account pursuant to RCW 82.45.230 must  
32 be deposited into the account. Moneys in the account may only be  
33 spent after appropriation.

34 (2) Expenditures from the account may be used only for:

35 (a) (i) Housing to support people with developmental disabilities,  
36 including acquisition, development, or construction of permanent  
37 housing, housing developments, or units, including new units in  
38 existing structures;

1 (ii) Up to 15 percent of the total cost of a housing project that  
2 qualifies under (a) of this subsection may include acquisition,  
3 development, or construction of nonresident spaces that are integral  
4 to the overall design and support successful community living;

5 (b) Preservation, operations, and maintenance costs of housing  
6 for people with developmental disabilities;

7 (c) Housing-related services for individuals with developmental  
8 disabilities;

9 (d) Rental subsidies; and

10 (e) Technical assistance to support nonprofit organizations in  
11 applying for this funding through the account in order to expand the  
12 pool of eligible developers for construction and long-term  
13 sustainable maintenance for housing that meets the needs of people  
14 with developmental disabilities.

15 (3) Expenditures from the account must be grants or forgivable  
16 loans. For applications under this section, the department of  
17 commerce must use an application form and evaluation criteria  
18 separate from the application form and criteria for the Washington  
19 housing trust fund created in RCW 43.185A.130. The department of  
20 commerce must coordinate with the department of social and health  
21 services regarding any needed supportive services and make efforts to  
22 enact the recommendations of the housing needs study for individuals  
23 with intellectual and developmental disabilities, as provided in  
24 section 1068(6), chapter 332, Laws of 2021.

25 (4) For the purposes of this section, the following definitions  
26 apply unless the context clearly requires otherwise.

27 (a) "Forgivable loans" means a noninterest-bearing financial  
28 award that is forgiven in its entirety provided the borrower project  
29 continues to serve the original target group as described in  
30 subsection (2)(a) of this section for a period of at least 25 years.

31 (b) "Grants" means a financial award that does not require  
32 payback, provided the grantee project continues to serve the original  
33 target group as described in subsection (2)(a) of this section for a  
34 period of at least 25 years.

35 (c) "Housing-related services" means services that are provided  
36 to eligible households as described in subsection (2)(c) of this  
37 section, which have the purpose of helping the household gain,  
38 maintain, or increase housing stability. Housing-related services may  
39 include, but are not limited to: Case management; tenant education  
40 and supports; financial assistance for essential costs of housing;



1 services to identify, locate, and secure housing; landlord  
2 mitigation; landlord or tenant dispute mediation; services to prevent  
3 eviction or loss of housing; assistance securing financial housing  
4 assistance, such as a voucher or subsidy; or assistance with tenant  
5 applications.

6 (d) "Nonresidential spaces" means any space used to provide a  
7 service that benefits affordable housing development tenants as  
8 described in subsection (2)(a)(i) of this section, or the public  
9 including, but not limited to, health clinics, food banks, community  
10 centers, and early learning facilities.

11 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.45  
12 RCW to read as follows:

13 (1) The housing stability account is created in the state  
14 treasury. Receipts from the real estate transfer tax directed to this  
15 account pursuant to RCW 82.45.230 must be deposited into the account.  
16 Moneys in the account may only be spent after appropriation.

17 (2) Expenditures from the account may be used only for housing  
18 operations, maintenance, and service costs for low-income households  
19 or extremely low-income households where a supplement to rent income  
20 is required to cover ongoing operating expenses.

21 (3) For the purposes of this section, "operations, maintenance,  
22 and service costs" means grants for building operations, maintenance,  
23 or supportive service costs for housing projects that have received  
24 or will receive funding from the state housing trust fund, or other  
25 public capital funding programs, are affordable to low-income  
26 households or extremely low-income households with incomes at or  
27 below 60 percent of the area median income, and require a supplement  
28 to rent income to cover ongoing operating expenses.

29 (4)(a) Grants provided under this section must fund overall  
30 developments and may be used to fund new or existing housing  
31 projects. Priority for use must be given to projects intended to  
32 house seniors, individuals with disabilities, or populations with  
33 prior experience of homelessness, including families with children.

34 (b) Grantees may use these funds in partnership with permanent  
35 supportive housing programs administered by the office of apple  
36 health and homes created in RCW 43.330.181.

37 **Sec. 7.** RCW 82.45.010 and 2022 c 199 s 3 are each amended to  
38 read as follows:

1 (1) As used in this chapter, the term "sale" has its ordinary  
2 meaning and includes any conveyance, grant, assignment, quitclaim, or  
3 transfer of the ownership of or title to real property, including  
4 standing timber, or any estate or interest therein for a valuable  
5 consideration, and any contract for such conveyance, grant,  
6 assignment, quitclaim, or transfer, and any lease with an option to  
7 purchase real property, including standing timber, or any estate or  
8 interest therein or other contract under which possession of the  
9 property is given to the purchaser, or any other person at the  
10 purchaser's direction, and title to the property is retained by the  
11 vendor as security for the payment of the purchase price. The term  
12 also includes the grant, assignment, quitclaim, sale, or transfer of  
13 improvements constructed upon leased land.

14 (2) (a) The term "sale" also includes the transfer or acquisition  
15 within any (~~(thirty-six)~~) 36 month period of a controlling interest  
16 in any entity with an interest in real property located in this state  
17 for a valuable consideration.

18 (b) For the sole purpose of determining whether, pursuant to the  
19 exercise of an option, a controlling interest was transferred or  
20 acquired within a (~~(thirty-six)~~) 36 month period, the date that the  
21 option agreement was executed is the date on which the transfer or  
22 acquisition of the controlling interest is deemed to occur. For all  
23 other purposes under this chapter, the date upon which the option is  
24 exercised is the date of the transfer or acquisition of the  
25 controlling interest.

26 (c) For purposes of this subsection, all acquisitions of persons  
27 acting in concert must be aggregated for purposes of determining  
28 whether a transfer or acquisition of a controlling interest has taken  
29 place. The department must adopt standards by rule to determine when  
30 persons are acting in concert. In adopting a rule for this purpose,  
31 the department must consider the following:

32 (i) Persons must be treated as acting in concert when they have a  
33 relationship with each other such that one person influences or  
34 controls the actions of another through common ownership; and

35 (ii) When persons are not commonly owned or controlled, they must  
36 be treated as acting in concert only when the unity with which the  
37 purchasers have negotiated and will consummate the transfer of  
38 ownership interests supports a finding that they are acting as a  
39 single entity. If the acquisitions are completely independent, with  
40 each purchaser buying without regard to the identity of the other

1 purchasers, then the acquisitions are considered separate  
2 acquisitions.

3 (3) The term "sale" does not include:

4 (a) A transfer by gift, devise, or inheritance.

5 (b) A transfer by transfer on death deed, to the extent that it  
6 is not in satisfaction of a contractual obligation of the decedent  
7 owed to the recipient of the property.

8 (c) A transfer of any leasehold interest other than of the type  
9 mentioned above.

10 (d) A cancellation or forfeiture of a vendee's interest in a  
11 contract for the sale of real property, whether or not such contract  
12 contains a forfeiture clause, or deed in lieu of foreclosure of a  
13 mortgage.

14 (e) The partition of property by tenants in common by agreement  
15 or as the result of a court decree.

16 (f) The assignment of property or interest in property from one  
17 spouse or one domestic partner to the other spouse or other domestic  
18 partner in accordance with the terms of a decree of dissolution of  
19 marriage or state registered domestic partnership or in fulfillment  
20 of a property settlement agreement.

21 (g) The assignment or other transfer of a vendor's interest in a  
22 contract for the sale of real property, even though accompanied by a  
23 conveyance of the vendor's interest in the real property involved.

24 (h) Transfers by appropriation or decree in condemnation  
25 proceedings brought by the United States, the state or any political  
26 subdivision thereof, or a municipal corporation.

27 (i) A mortgage or other transfer of an interest in real property  
28 merely to secure a debt, or the assignment thereof.

29 (j) Any transfer or conveyance made pursuant to a deed of trust  
30 or an order of sale by the court in any mortgage, deed of trust, or  
31 lien foreclosure proceeding or upon execution of a judgment, or deed  
32 in lieu of foreclosure to satisfy a mortgage or deed of trust.

33 (k) A conveyance to the federal housing administration or  
34 veterans administration by an authorized mortgagee made pursuant to a  
35 contract of insurance or guaranty with the federal housing  
36 administration or veterans administration.

37 (l) A transfer in compliance with the terms of any lease or  
38 contract upon which the tax as imposed by this chapter has been paid  
39 or where the lease or contract was entered into prior to the date  
40 this tax was first imposed.

1 (m) The sale of any grave or lot in an established cemetery.

2 (n) A sale by the United States, this state or any political  
3 subdivision thereof, or a municipal corporation of this state.

4 (o) A sale to a regional transit authority or public corporation  
5 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
6 81.112.300.

7 (p) A transfer of real property, however effected, if it consists  
8 of a mere change in identity or form of ownership of an entity where  
9 there is no change in the beneficial ownership. These include  
10 transfers to a corporation or partnership which is wholly owned by  
11 the transferor and/or the transferor's spouse or domestic partner or  
12 children of the transferor or the transferor's spouse or domestic  
13 partner. However, if thereafter such transferee corporation or  
14 partnership voluntarily transfers such real property, or such  
15 transferor, spouse or domestic partner, or children of the transferor  
16 or the transferor's spouse or domestic partner voluntarily transfer  
17 stock in the transferee corporation or interest in the transferee  
18 partnership capital, as the case may be, to other than (i) the  
19 transferor and/or the transferor's spouse or domestic partner or  
20 children of the transferor or the transferor's spouse or domestic  
21 partner, (ii) a trust having the transferor and/or the transferor's  
22 spouse or domestic partner or children of the transferor or the  
23 transferor's spouse or domestic partner as the only beneficiaries at  
24 the time of the transfer to the trust, or (iii) a corporation or  
25 partnership wholly owned by the original transferor and/or the  
26 transferor's spouse or domestic partner or children of the transferor  
27 or the transferor's spouse or domestic partner, within three years of  
28 the original transfer to which this exemption applies, and the tax on  
29 the subsequent transfer has not been paid within (~~sixty~~) 60 days of  
30 becoming due, excise taxes become due and payable on the original  
31 transfer as otherwise provided by law.

32 (q) (i) A transfer that for federal income tax purposes does not  
33 involve the recognition of gain or loss for entity formation,  
34 liquidation or dissolution, and reorganization, including but not  
35 limited to nonrecognition of gain or loss because of application of  
36 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
37 revenue code of 1986, as amended.

38 (ii) However, the transfer described in (q) (i) of this subsection  
39 cannot be preceded or followed within a (~~thirty-six~~) 36 month  
40 period by another transfer or series of transfers, that, when

1 combined with the otherwise exempt transfer or transfers described in  
2 (q)(i) of this subsection, results in the transfer of a controlling  
3 interest in the entity for valuable consideration, and in which one  
4 or more persons previously holding a controlling interest in the  
5 entity receive cash or property in exchange for any interest the  
6 person or persons acting in concert hold in the entity. This  
7 subsection (3)(q)(ii) does not apply to that part of the transfer  
8 involving property received that is the real property interest that  
9 the person or persons originally contributed to the entity or when  
10 one or more persons who did not contribute real property or belong to  
11 the entity at a time when real property was purchased receive cash or  
12 personal property in exchange for that person or persons' interest in  
13 the entity. The real estate excise tax under this subsection  
14 (3)(q)(ii) is imposed upon the person or persons who previously held  
15 a controlling interest in the entity.

16 (r) A qualified sale of a manufactured/mobile home community, as  
17 defined in RCW 59.20.030.

18 (s)(i) A transfer of a qualified low-income housing development  
19 or controlling interest in a qualified low-income housing  
20 development, unless, due to noncompliance with federal statutory  
21 requirements, the seller is subject to recapture, in whole or in  
22 part, of its allocated federal low-income housing tax credits within  
23 the four years prior to the date of transfer.

24 (ii) For purposes of this subsection (3)(s), "qualified low-  
25 income housing development" means real property and improvements in  
26 respect to which the seller or, in the case of a transfer of a  
27 controlling interest, the owner or beneficial owner, was allocated  
28 federal low-income housing tax credits authorized under 26 U.S.C.  
29 Sec. 42 or successor statute, by the Washington state housing finance  
30 commission or successor state-authorized tax credit allocating  
31 agency.

32 (iii) This subsection (3)(s) does not apply to transfers of a  
33 qualified low-income housing development or controlling interest in a  
34 qualified low-income housing development occurring on or after July  
35 1, 2035.

36 (iv) The Washington state housing finance commission, in  
37 consultation with the department, must gather data on: (A) The fiscal  
38 savings, if any, accruing to transferees as a result of the exemption  
39 provided in this subsection (3)(s); (B) the extent to which  
40 transferors of qualified low-income housing developments receive

1 consideration, including any assumption of debt, as part of a  
2 transfer subject to the exemption provided in this subsection (3)(s);  
3 and (C) the continued use of the property for low-income housing. The  
4 Washington state housing finance commission must provide this  
5 information to the joint legislative audit and review committee. The  
6 committee must conduct a review of the tax preference created under  
7 this subsection (3)(s) in calendar year 2033, as required under  
8 chapter 43.136 RCW.

9 (t)(i) A qualified transfer of residential property by a legal  
10 representative of a person with developmental disabilities to a  
11 qualified entity subject to the following conditions:

12 (A) The adult child with developmental disabilities of the  
13 transferor of the residential property must be allowed to reside in  
14 the residence or successor property so long as the placement is safe  
15 and appropriate as determined by the department of social and health  
16 services;

17 (B) The title to the residential property is conveyed without the  
18 receipt of consideration by the legal representative of a person with  
19 developmental disabilities to a qualified entity;

20 (C) The residential property must have no more than four living  
21 units located on it; and

22 (D) The residential property transferred must remain in continued  
23 use for (~~(fifty)~~) 50 years by the qualified entity as supported  
24 living for persons with developmental disabilities by the qualified  
25 entity or successor entity. If the qualified entity sells or  
26 otherwise conveys ownership of the residential property the proceeds  
27 of the sale or conveyance must be used to acquire similar residential  
28 property and such similar residential property must be considered the  
29 successor for continued use. The property will not be considered in  
30 continued use if the department of social and health services finds  
31 that the property has failed, after a reasonable time to remedy, to  
32 meet any health and safety statutory or regulatory requirements. If  
33 the department of social and health services determines that the  
34 property fails to meet the requirements for continued use, the  
35 department of social and health services must notify the department  
36 and the real estate excise tax based on the value of the property at  
37 the time of the transfer into use as residential property for persons  
38 with developmental disabilities becomes immediately due and payable  
39 by the qualified entity. The tax due is not subject to penalties,  
40 fees, or interest under this title.

1 (ii) For the purposes of this subsection (3)(t) the definitions  
2 in RCW 71A.10.020 apply.

3 (iii) A "qualified entity" is:

4 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)  
5 of the federal internal revenue code of 1986, as amended, as of June  
6 7, 2018, or a subsidiary under the same taxpayer identification  
7 number that provides residential supported living for persons with  
8 developmental disabilities; or

9 (B) A nonprofit adult family home, as defined in RCW 70.128.010,  
10 that exclusively serves persons with developmental disabilities.

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

15 (u)(i) The sale by an affordable homeownership facilitator of  
16 self-help housing to a low-income household.

17 (ii) The definitions in this subsection (3)(u) apply to this  
18 subsection (3)(u) unless the context clearly requires otherwise.

19 (A) "Affordable homeownership facilitator" means a nonprofit  
20 community or neighborhood-based organization that is exempt from  
21 income tax under Title 26 U.S.C. Sec. 501(c) of the internal revenue  
22 code of 1986, as amended, as of October 1, 2019, and that is the  
23 developer of self-help housing.

24 (B) "Low-income" means household income as defined by the  
25 department, provided that the definition may not exceed (~~eighty~~) 80  
26 percent of median household income, adjusted for household size, for  
27 the county in which the dwelling is located.

28 (C) "Self-help housing" means dwelling residences provided for  
29 ownership by low-income individuals and families whose ownership  
30 requirement includes labor participation. "Self-help housing" does  
31 not include residential rental housing provided on a commercial basis  
32 to the general public.

33 (v)(i) A sale or transfer of real property to a qualifying  
34 grantee that uses the property for housing for low-income persons and  
35 receives or otherwise qualifies the property for an exemption from  
36 real and personal property taxes under RCW 84.36.560, 84.36.049,  
37 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection  
38 (3)(v), "qualifying grantee" means a nonprofit entity as defined in  
39 RCW 84.36.560, a nonprofit entity or qualified cooperative  
40 association as defined in RCW 84.36.049, a housing authority created

1 under RCW 35.82.030 or 35.82.300, a public corporation established  
2 under RCW 35.21.660 or 35.21.730, or a county or municipal  
3 corporation. A qualifying grantee that is a county or municipal  
4 corporation must record a covenant at the time of transfer that  
5 prohibits using the property for any purpose other than for low-  
6 income housing for a period of at least 10 years. At a minimum, the  
7 covenant must address price restrictions and household income limits  
8 for the low-income housing. A qualifying grantee must comply with the  
9 requirements described in (v) (i) (A), (B), or (C) of this subsection  
10 and must also certify, by affidavit at the time of sale or transfer,  
11 that it intends to comply with those requirements.

12 (A) If the qualifying grantee intends to operate existing housing  
13 on the property, within one year of the sale or transfer:

14 (I) The qualifying grantee must receive or qualify the property  
15 for a tax exemption under RCW 84.36.560, 84.36.049,  
16 35.82.210, 35.21.755, or 84.36.010; and

17 (II) The property must be used as housing for low-income persons.

18 (B) If the qualifying grantee intends to develop new housing on  
19 the site, within five years of the sale or transfer:

20 (I) The qualifying grantee must receive or qualify the property  
21 for a tax exemption under RCW 84.36.560, 84.36.049,  
22 35.82.210, 35.21.755, or 84.36.010; and

23 (II) The property must be used as housing for low-income persons.

24 (C) If the qualifying grantee intends to substantially  
25 rehabilitate the premises as defined in RCW 59.18.200, within three  
26 years:

27 (I) The qualifying grantee must receive or qualify the property  
28 for a tax exemption under RCW 84.36.560, 84.36.049,  
29 35.82.210, 35.21.755, or 84.36.010; and

30 (II) The property must be used as housing for low-income persons.

31 (ii) If the qualifying grantee fails to satisfy the requirements  
32 described in (v) (i) (A), (B), or (C) of this subsection, within the  
33 timelines described in (v) (i) (A), (B), or (C) of this subsection, the  
34 qualifying grantee must pay the tax that would have otherwise been  
35 due at the time of initial transfer, plus interest calculated from  
36 the date of initial transfer pursuant to RCW 82.32.050.

37 (iii) If a qualifying grantee transfers the property to a  
38 different qualifying grantee within the original timelines described  
39 in (v) (i) (A), (B), or (C) of this subsection, neither the original  
40 qualifying grantee nor the new qualifying grantee is required to pay



1 the tax, so long as the new qualifying grantee satisfies the  
2 requirements as described in (v)(i)(A), (B), or (C) of this  
3 subsection within the exemption period of the initial transfer. If  
4 the new qualifying grantee fails to satisfy the requirements  
5 described in (v)(i)(A), (B), or (C) of this subsection, only the new  
6 qualifying grantee is liable for the payment of taxes required by  
7 (v)(ii) of this subsection. There is no limit on the number of  
8 transfers between qualifying grantees within the original timelines.

9 (iv) Each affidavit must be filed with the department upon  
10 completion of the sale or transfer of property, including transfers  
11 from a qualifying grantee to a different qualifying grantee. The  
12 qualifying grantee must provide proof to the department as required  
13 by the department once the requirements as described in (v)(i)(A),  
14 (B), or (C) of this subsection have been satisfied.

15 (v) For the purposes of this subsection (3)(v), "low-income" has  
16 the same meaning as in (u) of this subsection.

17 (w)(i) The sale of qualified space in a development that  
18 qualifies for a property tax exemption under RCW  
19 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a  
20 nonprofit organization, a housing authority, or public corporation  
21 for use for an exempt community purpose.

22 (ii) For the purposes of this subsection (3)(w), the following  
23 definitions apply:

24 (A) "Affordable housing development" means subsidized housing  
25 provided to low-income households.

26 (B) "Exempt community purpose" means any use to provide a service  
27 that benefits affordable housing development tenants or the public  
28 including, but not limited to, health clinics, senior day care, food  
29 banks, community centers, and early learning facilities.

30 (C) "Low-income" means household income that does not exceed 80  
31 percent of median household income at initial occupancy, adjusted for  
32 household size, for the county in which the dwelling is located.

33 (D) "Qualified space" means any portion of an affordable housing  
34 development that is accessible to tenants or the public that  
35 constitutes a separate legal parcel of property under chapter 64.32,  
36 64.34, or 64.90 RCW.

37 (E) "Nonprofit organization" means an organization exempt from  
38 taxation under section 501(c)(3) of the internal revenue code of 1986  
39 (26 U.S.C. Sec. 501(c)(3)), as amended.

1           **Sec. 8.** RCW 82.45.010 and 2022 c 199 s 4 are each amended to  
2 read as follows:

3           (1) As used in this chapter, the term "sale" has its ordinary  
4 meaning and includes any conveyance, grant, assignment, quitclaim, or  
5 transfer of the ownership of or title to real property, including  
6 standing timber, or any estate or interest therein for a valuable  
7 consideration, and any contract for such conveyance, grant,  
8 assignment, quitclaim, or transfer, and any lease with an option to  
9 purchase real property, including standing timber, or any estate or  
10 interest therein or other contract under which possession of the  
11 property is given to the purchaser, or any other person at the  
12 purchaser's direction, and title to the property is retained by the  
13 vendor as security for the payment of the purchase price. The term  
14 also includes the grant, assignment, quitclaim, sale, or transfer of  
15 improvements constructed upon leased land.

16           (2) (a) The term "sale" also includes the transfer or acquisition  
17 within any (~~(thirty-six)~~) 36 month period of a controlling interest  
18 in any entity with an interest in real property located in this state  
19 for a valuable consideration.

20           (b) For the sole purpose of determining whether, pursuant to the  
21 exercise of an option, a controlling interest was transferred or  
22 acquired within a (~~(thirty-six)~~) 36 month period, the date that the  
23 option agreement was executed is the date on which the transfer or  
24 acquisition of the controlling interest is deemed to occur. For all  
25 other purposes under this chapter, the date upon which the option is  
26 exercised is the date of the transfer or acquisition of the  
27 controlling interest.

28           (c) For purposes of this subsection, all acquisitions of persons  
29 acting in concert must be aggregated for purposes of determining  
30 whether a transfer or acquisition of a controlling interest has taken  
31 place. The department must adopt standards by rule to determine when  
32 persons are acting in concert. In adopting a rule for this purpose,  
33 the department must consider the following:

34           (i) Persons must be treated as acting in concert when they have a  
35 relationship with each other such that one person influences or  
36 controls the actions of another through common ownership; and

37           (ii) When persons are not commonly owned or controlled, they must  
38 be treated as acting in concert only when the unity with which the  
39 purchasers have negotiated and will consummate the transfer of  
40 ownership interests supports a finding that they are acting as a

1 single entity. If the acquisitions are completely independent, with  
2 each purchaser buying without regard to the identity of the other  
3 purchasers, then the acquisitions are considered separate  
4 acquisitions.

5 (3) The term "sale" does not include:

6 (a) A transfer by gift, devise, or inheritance.

7 (b) A transfer by transfer on death deed, to the extent that it  
8 is not in satisfaction of a contractual obligation of the decedent  
9 owed to the recipient of the property.

10 (c) A transfer of any leasehold interest other than of the type  
11 mentioned above.

12 (d) A cancellation or forfeiture of a vendee's interest in a  
13 contract for the sale of real property, whether or not such contract  
14 contains a forfeiture clause, or deed in lieu of foreclosure of a  
15 mortgage.

16 (e) The partition of property by tenants in common by agreement  
17 or as the result of a court decree.

18 (f) The assignment of property or interest in property from one  
19 spouse or one domestic partner to the other spouse or other domestic  
20 partner in accordance with the terms of a decree of dissolution of  
21 marriage or state registered domestic partnership or in fulfillment  
22 of a property settlement agreement.

23 (g) The assignment or other transfer of a vendor's interest in a  
24 contract for the sale of real property, even though accompanied by a  
25 conveyance of the vendor's interest in the real property involved.

26 (h) Transfers by appropriation or decree in condemnation  
27 proceedings brought by the United States, the state or any political  
28 subdivision thereof, or a municipal corporation.

29 (i) A mortgage or other transfer of an interest in real property  
30 merely to secure a debt, or the assignment thereof.

31 (j) Any transfer or conveyance made pursuant to a deed of trust  
32 or an order of sale by the court in any mortgage, deed of trust, or  
33 lien foreclosure proceeding or upon execution of a judgment, or deed  
34 in lieu of foreclosure to satisfy a mortgage or deed of trust.

35 (k) A conveyance to the federal housing administration or  
36 veterans administration by an authorized mortgagee made pursuant to a  
37 contract of insurance or guaranty with the federal housing  
38 administration or veterans administration.

39 (l) A transfer in compliance with the terms of any lease or  
40 contract upon which the tax as imposed by this chapter has been paid

1 or where the lease or contract was entered into prior to the date  
2 this tax was first imposed.

3 (m) The sale of any grave or lot in an established cemetery.

4 (n) A sale by the United States, this state or any political  
5 subdivision thereof, or a municipal corporation of this state.

6 (o) A sale to a regional transit authority or public corporation  
7 under RCW 81.112.320 under a sale/leaseback agreement under RCW  
8 81.112.300.

9 (p) A transfer of real property, however effected, if it consists  
10 of a mere change in identity or form of ownership of an entity where  
11 there is no change in the beneficial ownership. These include  
12 transfers to a corporation or partnership which is wholly owned by  
13 the transferor and/or the transferor's spouse or domestic partner or  
14 children of the transferor or the transferor's spouse or domestic  
15 partner. However, if thereafter such transferee corporation or  
16 partnership voluntarily transfers such real property, or such  
17 transferor, spouse or domestic partner, or children of the transferor  
18 or the transferor's spouse or domestic partner voluntarily transfer  
19 stock in the transferee corporation or interest in the transferee  
20 partnership capital, as the case may be, to other than (i) the  
21 transferor and/or the transferor's spouse or domestic partner or  
22 children of the transferor or the transferor's spouse or domestic  
23 partner, (ii) a trust having the transferor and/or the transferor's  
24 spouse or domestic partner or children of the transferor or the  
25 transferor's spouse or domestic partner as the only beneficiaries at  
26 the time of the transfer to the trust, or (iii) a corporation or  
27 partnership wholly owned by the original transferor and/or the  
28 transferor's spouse or domestic partner or children of the transferor  
29 or the transferor's spouse or domestic partner, within three years of  
30 the original transfer to which this exemption applies, and the tax on  
31 the subsequent transfer has not been paid within (~~sixty~~) 60 days of  
32 becoming due, excise taxes become due and payable on the original  
33 transfer as otherwise provided by law.

34 (q) (i) A transfer that for federal income tax purposes does not  
35 involve the recognition of gain or loss for entity formation,  
36 liquidation or dissolution, and reorganization, including but not  
37 limited to nonrecognition of gain or loss because of application of  
38 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal  
39 revenue code of 1986, as amended.

1 (ii) However, the transfer described in (q) (i) of this subsection  
2 cannot be preceded or followed within a (~~thirty-six~~) 36 month  
3 period by another transfer or series of transfers, that, when  
4 combined with the otherwise exempt transfer or transfers described in  
5 (q) (i) of this subsection, results in the transfer of a controlling  
6 interest in the entity for valuable consideration, and in which one  
7 or more persons previously holding a controlling interest in the  
8 entity receive cash or property in exchange for any interest the  
9 person or persons acting in concert hold in the entity. This  
10 subsection (3) (q) (ii) does not apply to that part of the transfer  
11 involving property received that is the real property interest that  
12 the person or persons originally contributed to the entity or when  
13 one or more persons who did not contribute real property or belong to  
14 the entity at a time when real property was purchased receive cash or  
15 personal property in exchange for that person or persons' interest in  
16 the entity. The real estate excise tax under this subsection  
17 (3) (q) (ii) is imposed upon the person or persons who previously held  
18 a controlling interest in the entity.

19 (r) A qualified sale of a manufactured/mobile home community, as  
20 defined in RCW 59.20.030, that takes place on or after June 12, 2008,  
21 but before December 31, 2018.

22 (s) (i) A transfer of a qualified low-income housing development  
23 or controlling interest in a qualified low-income housing  
24 development, unless, due to noncompliance with federal statutory  
25 requirements, the seller is subject to recapture, in whole or in  
26 part, of its allocated federal low-income housing tax credits within  
27 the four years prior to the date of transfer.

28 (ii) For purposes of this subsection (3) (s), "qualified low-  
29 income housing development" means real property and improvements in  
30 respect to which the seller or, in the case of a transfer of a  
31 controlling interest, the owner or beneficial owner, was allocated  
32 federal low-income housing tax credits authorized under 26 U.S.C.  
33 Sec. 42 or successor statute, by the Washington state housing finance  
34 commission or successor state-authorized tax credit allocating  
35 agency.

36 (iii) This subsection (3) (s) does not apply to transfers of a  
37 qualified low-income housing development or controlling interest in a  
38 qualified low-income housing development occurring on or after July  
39 1, 2035.

1 (iv) The Washington state housing finance commission, in  
2 consultation with the department, must gather data on: (A) The fiscal  
3 savings, if any, accruing to transferees as a result of the exemption  
4 provided in this subsection (3)(s); (B) the extent to which  
5 transferors of qualified low-income housing developments receive  
6 consideration, including any assumption of debt, as part of a  
7 transfer subject to the exemption provided in this subsection (3)(s);  
8 and (C) the continued use of the property for low-income housing. The  
9 Washington state housing finance commission must provide this  
10 information to the joint legislative audit and review committee. The  
11 committee must conduct a review of the tax preference created under  
12 this subsection (3)(s) in calendar year 2033, as required under  
13 chapter 43.136 RCW.

14 (t)(i) A qualified transfer of residential property by a legal  
15 representative of a person with developmental disabilities to a  
16 qualified entity subject to the following conditions:

17 (A) The adult child with developmental disabilities of the  
18 transferor of the residential property must be allowed to reside in  
19 the residence or successor property so long as the placement is safe  
20 and appropriate as determined by the department of social and health  
21 services;

22 (B) The title to the residential property is conveyed without the  
23 receipt of consideration by the legal representative of a person with  
24 developmental disabilities to a qualified entity;

25 (C) The residential property must have no more than four living  
26 units located on it; and

27 (D) The residential property transferred must remain in continued  
28 use for (~~fifty~~) 50 years by the qualified entity as supported  
29 living for persons with developmental disabilities by the qualified  
30 entity or successor entity. If the qualified entity sells or  
31 otherwise conveys ownership of the residential property the proceeds  
32 of the sale or conveyance must be used to acquire similar residential  
33 property and such similar residential property must be considered the  
34 successor for continued use. The property will not be considered in  
35 continued use if the department of social and health services finds  
36 that the property has failed, after a reasonable time to remedy, to  
37 meet any health and safety statutory or regulatory requirements. If  
38 the department of social and health services determines that the  
39 property fails to meet the requirements for continued use, the  
40 department of social and health services must notify the department

1 and the real estate excise tax based on the value of the property at  
2 the time of the transfer into use as residential property for persons  
3 with developmental disabilities becomes immediately due and payable  
4 by the qualified entity. The tax due is not subject to penalties,  
5 fees, or interest under this title.

6 (ii) For the purposes of this subsection (3)(t) the definitions  
7 in RCW 71A.10.020 apply.

8 (iii) A "qualified entity" is:

9 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)  
10 of the federal internal revenue code of 1986, as amended, as of June  
11 7, 2018, or a subsidiary under the same taxpayer identification  
12 number that provides residential supported living for persons with  
13 developmental disabilities; or

14 (B) A nonprofit adult family home, as defined in RCW 70.128.010,  
15 that exclusively serves persons with developmental disabilities.

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

20 (u)(i) A sale or transfer of real property to a qualifying  
21 grantee that uses the property for housing for low-income persons and  
22 receives or otherwise qualifies the property for an exemption from  
23 real and personal property taxes under RCW 84.36.560, 84.36.049,  
24 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection  
25 (3)(u), "qualifying grantee" means a nonprofit entity as defined in  
26 RCW 84.36.560, a nonprofit entity or qualified cooperative  
27 association as defined in RCW 84.36.049, a housing authority created  
28 under RCW 35.82.030 or 35.82.300, a public corporation established  
29 under RCW 35.21.660 or 35.21.730, or a county or municipal  
30 corporation. A qualifying grantee that is a county or municipal  
31 corporation must record a covenant at the time of transfer that  
32 prohibits using the property for any purpose other than for low-  
33 income housing for a period of at least 10 years. At a minimum, the  
34 covenant must address price restrictions and household income limits  
35 for the low-income housing. A qualifying grantee must comply with the  
36 requirements described in (u)(i)(A), (B), or (C) of this subsection  
37 and must also certify, by affidavit at the time of sale or transfer,  
38 that it intends to comply with those requirements.

39 (A) If the qualifying grantee intends to operate existing housing  
40 on the property, within one year of the sale or transfer:

1 (I) The qualifying grantee must receive or qualify the property  
2 for a tax exemption under RCW 84.36.560, 84.36.049,  
3 35.82.210, 35.21.755, or 84.36.010; and  
4 (II) The property must be used as housing for low-income persons.  
5 (B) If the qualifying grantee intends to develop new housing on  
6 the site, within five years of the sale or transfer:  
7 (I) The qualifying grantee must receive or qualify the property  
8 for a tax exemption under RCW 84.36.560, 84.36.049,  
9 35.82.210, 35.21.755, or 84.36.010; and  
10 (II) The property must be used as housing for low-income persons.  
11 (C) If the qualifying grantee intends to substantially  
12 rehabilitate the premises as defined in RCW 59.18.200, within three  
13 years:  
14 (I) The qualifying grantee must receive or qualify the property  
15 for a tax exemption under RCW 84.36.560, 84.36.049,  
16 35.82.210, 35.21.755, or 84.36.010; and  
17 (II) The property must be used as housing for low-income persons.  
18 (ii) If the qualifying grantee fails to satisfy the requirements  
19 described in (u)(i)(A), (B), or (C) of this subsection, within the  
20 timelines described in (u)(i)(A), (B), or (C) of this subsection, the  
21 qualifying grantee must pay the tax that would have otherwise been  
22 due at the time of initial transfer, plus interest calculated from  
23 the date of initial transfer pursuant to RCW 82.32.050.  
24 (iii) If a qualifying grantee transfers the property to a  
25 different qualifying grantee within the original timelines described  
26 in (u)(i)(A), (B), or (C) of this subsection, neither the original  
27 qualifying grantee nor the new qualifying grantee is required to pay  
28 the tax, so long as the new qualifying grantee satisfies the  
29 requirements as described in (u)(i)(A), (B), or (C) of this  
30 subsection within the exemption period of the initial transfer. If  
31 the new qualifying grantee fails to satisfy the requirements  
32 described in (u)(i)(A), (B), or (C) of this subsection, only the new  
33 qualifying grantee is liable for the payment of taxes required by  
34 (u)(ii) of this subsection. There is no limit on the number of  
35 transfers between qualifying grantees within the original timelines.  
36 (iv) Each affidavit must be filed with the department upon  
37 completion of the sale or transfer of property, including transfers  
38 from a qualifying grantee to a different qualifying grantee. The  
39 qualifying grantee must provide proof to the department as required



1 by the department once the requirements as described in (u)(i)(A),  
2 (B), or (C) of this subsection have been satisfied.

3 (v) For the purposes of this subsection (3)(u), "low-income"  
4 means household income as defined by the department, provided that  
5 the definition may not exceed 80 percent of median household income,  
6 adjusted for household size, for the county in which the dwelling is  
7 located.

8 (v)(i) The sale of qualified space in a development that  
9 qualifies for a property tax exemption under RCW  
10 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010 to a  
11 nonprofit organization, a housing authority, or public corporation  
12 for use for an exempt community purpose.

13 (ii) For the purposes of this subsection (3)(v), the following  
14 definitions apply:

15 (A) "Affordable housing development" means subsidized housing  
16 provided to low-income households.

17 (B) "Exempt community purpose" means any use to provide a service  
18 that benefits affordable housing development tenants or the public  
19 including, but not limited to, health clinics, senior day care, food  
20 banks, community centers, and early learning facilities.

21 (C) "Low-income" means household income that does not exceed 80  
22 percent of median household income at initial occupancy, adjusted for  
23 household size, for the county in which the dwelling is located.

24 (D) "Qualified space" means any portion of an affordable housing  
25 development that is accessible to tenants or the public that  
26 constitutes a separate legal parcel of property under chapter 64.32,  
27 64.34, or 64.90 RCW.

28 (E) "Nonprofit organization" means an organization exempt from  
29 taxation under section 501(c)(3) of the internal revenue code of 1986  
30 (26 U.S.C. Sec. 501(c)(3)), as amended.

31 NEW SECTION. Sec. 9. (1) The department of revenue must study  
32 the requirements needed for the department to implement and  
33 administer a local option graduated real estate excise tax and submit  
34 a report to the legislature by January 13, 2025.

35 (2) The study must include administrative recommendations as well  
36 as an estimate of expenditures required for the department of revenue  
37 to successfully implement and administer a local option graduated  
38 real estate excise tax.

1        NEW SECTION.    **Sec. 10.**    This act may be known and cited as the  
2 affordable homes act.

3        NEW SECTION.    **Sec. 11.**    RCW 82.32.805 and 82.32.808 do not apply  
4 to this act.

5        NEW SECTION.    **Sec. 12.**    Sections 2 through 7 of this act take  
6 effect January 1, 2026.

7        NEW SECTION.    **Sec. 13.**    Section 7 of this act expires January 1,  
8 2030.

9        NEW SECTION.    **Sec. 14.**    Section 8 of this act takes effect  
10 January 1, 2030.

--- END ---