



OPPOSE

HB 1628 – REAL ESTATE EXCISE TAX (REET)

EXECUTIVE SESSION: FRIDAY, APRIL 14 AT 8:00 A.M.

**Urging all Members to Contact Members of the House Finance Committee
and Your Two House of Representatives in
OPPOSITION of HB 1628**

HB 1628 – Highest State REET Tax in America on Properties Over \$5 Million

1. HB 1628 - Highest State REET Tax in America on Properties Over \$5 Million

Original Bill

- Would create a new tier in the state graduated REET Tax that would be the highest REET Tax in America on sales over \$5 million.
- The REET Tax would be 4% of the selling price that is greater than \$5 million, beginning January 1, 2025.
- The REET Tax shall be split as follows:
 - 30% to the Washington housing trust fund created in RCW 43.185.030;
 - 30% to the apple health and homes account created in RCW 43.330.184;
 - 15% to the developmental disabilities trust account created in the bill.
 - 24% to the affordable housing for all account created in RCW 43.185C.190 for operations, maintenance, and service cost for permanent supportive housing as defined in RCW 17 36.70A.030.

Proposed Changes in House Finance Committee HB 1628 (H-1928.3/23):

- Beginning January 1, 2025, increases the “ceiling” for the Tier 1 1.1% state REET tax from \$525K to \$750K. As a result, Tier 2 (1.28%) will be \$750K to \$1.525M.
- Beginning January 1, 2025, increases the state REET rate for Tier 4 (selling price over \$3.025M) from 3% to 3.5% except for commercial property. Commercial property will pay 3% on selling price over \$3.025M through December 31, 2026. The new 3.5% will take effect for commercial property beginning January 1, 2027.
- Removes the creation of Tier 5 for selling prices above \$5M.
- Provides a definition for “Commercial property”
- Replaces increment calculation for distributions of revenues with a new percentage calculation to all accounts.

- Requires at least \$5M per fiscal year of the state REET revenues deposited into the Washington House Trust Fund be used for farmworker housing.
- Additional directions for the use of moneys in the Developmental Disabilities Housing and Services Account are added.

Talking Points:

- Would create a new tier in the state graduated REET Tax that would be the **highest State REET Tax in America** on sales over \$5 million.
- Costs are already increasing for small housing providers, this will create even more burden on these small businesses and will lead to less housing.
- Increased REET Taxes will discourage housing investment and development in Washington State, increasing rents, and worsening our housing crisis.
- WA is becoming less desirable and less competitive for real estate investment. There are 15 states that do not charge real estate excise or transfer taxes at all. In addition, WA is one of 23 states that also allow a local option real estate excise or transfer tax on top of that. The higher our WA fees, the more likely to drive investment to other states.
- Commercial real estate has taken a lot of financial hits during the pandemic and is still recovering, enacting the nation's highest REET tax would not allow that recovery.
- With many companies still not back to work in the office, adding this extreme REET tax to commercial properties will only exacerbate that problem.
- Higher taxes and increased administrative burden have proven to consistently drive real estate investment out of the market and likely increase rental prices.

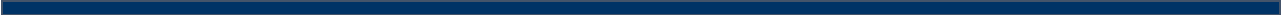
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STATUS HB: [House Finance Committee](#) – NTIB

Executive Session: Friday, April 14 at 8:00 a.m. – JLOB Rm A

Please **contact the members** of the **House Finance Committee** and **Your TWO House of Representatives** asking them to **OPPOSE HB 1628**.

Please take action right away.



You Can Locate your House Members [Here](#)

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