

**Chapter 82.45 RCW**  
**EXCISE TAX ON REAL ESTATE SALES**

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**Savings—Audits, assessments, and refunds—Disposition of certain funds—1982 c 176; 1980 c 154:** "Chapter 154, Laws of 1980 shall not be construed as invalidating, abating, or otherwise affecting any existing right acquired or any liability or obligation incurred under the provisions of the statutes amended or repealed, nor any process, proceeding, or judgment involving the assessment of any property or the levy or collection of any tax thereunder, nor the validity of any certificate of delinquency, tax deed or other instrument of sale or other proceeding thereunder, nor any criminal or civil proceeding instituted thereunder, nor any rule, regulation or order promulgated thereunder, nor any administrative action taken thereunder: PROVIDED, That the department of revenue may conduct audits, make assessments,

and grant refunds under RCW 82.45.100 and 82.45.150 with respect to any sale. Funds received by the county treasurer as payment of a tax liability incurred under a statute repealed by chapter 154, Laws of 1980 shall be paid and accounted for as provided in RCW 82.45.180." [1982 c 176 s 3; 1980 c 154 s 15.]

**Purpose—1980 c 154:** "It is the intent of this 1980 act to simplify the bookkeeping procedures for the state treasurer's office and for the school districts but not to impact the amount of revenues covered by this 1980 act to the various counties and other taxing districts." [1980 c 154 s 16.]

**Effective dates—1980 c 154:** "Sections 17, 18, and 19 of this act are necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect immediately. The remainder of this act shall take effect on September 1, 1981." [1980 c 154 s 20.]

**Severability—1980 c 154:** "If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected." [1980 c 154 s 21.]

**RCW 82.45.010 "Sale" defined. (Effective until January 1, 2030.)**

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

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

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

(c) For purposes of this subsection, all acquisitions of persons acting in concert must be aggregated for purposes of determining whether a transfer or acquisition of a controlling interest has taken place. The department must adopt standards by rule to determine when

persons are acting in concert. In adopting a rule for this purpose, the department must consider the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(p) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner. However, if thereafter such transferee corporation or partnership voluntarily transfers such real property, or such transferor, spouse or domestic partner, or children of the transferor or the transferor's spouse or domestic partner voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than (i) the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, (ii) a trust having the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner as the only beneficiaries at the time of the transfer to the trust, or (iii) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes become due and payable on the original transfer as otherwise provided by law.

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) A "qualified entity" is:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(iii) If a qualifying grantee transfers the property to a different qualifying grantee within the original timelines described in (v) (i) (A), (B), or (C) of this subsection, neither the original qualifying grantee nor the new qualifying grantee is required to pay the tax, so long as the new qualifying grantee satisfies the requirements as described in (v) (i) (A), (B), or (C) of this subsection within the exemption period of the initial transfer. If the new qualifying grantee fails to satisfy the requirements described in (v) (i) (A), (B), or (C) of this subsection, only the new qualifying grantee is liable for the payment of taxes required by (v) (ii) of this subsection. There is no limit on the number of transfers between qualifying grantees within the original timelines.

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

(v) For the purposes of this subsection (3) (v), "low-income" has the same meaning as in (u) of this subsection. [2022 c 199 s 3. Prior: 2019 c 424 s 3; 2019 c 390 s 10; 2019 c 385 s 2; prior: 2018 c 223 s 3; 2018 c 221 s 1; 2014 c 58 s 24; 2010 1st sp.s. c 23 s 207; prior: 2008 c 116 s 3; 2008 c 6 s 701; 2000 2nd sp.s. c 4 s 26; 1999 c 209 s 2; 1993 sp.s. c 25 s 502; 1981 c 93 s 1; 1970 ex.s. c 65 s 1; 1969 ex.s. c 223 s 28A.45.010; prior: 1955 c 132 s 1; 1953 c 94 s 1; 1951 2nd ex.s. c 19 s 1; 1951 1st ex.s. c 11 s 7. Formerly RCW 28A.45.010, 28.45.010.]

**Reviser's note:** The tax preference enacted in section 3, chapter 223, Laws of 2018 expires January 1, 2029, pursuant to the automatic expiration date established in RCW 82.32.805(1) (a).

**Effective date—2022 c 199 s 3:** "Section 3 of this act takes effect January 1, 2023." [2022 c 199 s 6.]

**Expiration date—2022 c 199 s 3:** "Section 3 of this act expires January 1, 2030." [2022 c 199 s 7.]

**Finding—Intent—2022 c 199:** "(1) The legislature finds that Washington state has one of the strongest economies in the country. However, despite the strong economy, our state has entered an affordable housing crisis where low-income and middle-income households have the fewest number of housing options. Furthermore, it is estimated that Washington state's housing gap is among the most severe in the nation, with only 29 affordable and available rental homes for every 100 extremely low-income households.

(2) The legislature concludes that in the spirit of one Washington, the health of all Washingtonians will benefit from a larger stock in affordable housing. Therefore, it is the intent of the legislature to incentivize real property transfers to nonprofit housing providers, public housing authorities, or local governments to increase the availability of affordable housing for low-income Washingtonians." [2022 c 199 s 1.]

**Tax preference performance statement—2022 c 199:** "(1) This section is the tax preference performance statement for the tax preferences in sections 3 and 4, chapter 199, Laws of 2022. This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2) (a).

(3) It is the legislature's specific public policy objective to encourage sales or transfers of real property to nonprofit entities, housing authorities, or public corporations that intend to use the transferred property for housing for low-income persons.

(4) If a review finds that the number of sales or transfers of real property to qualified entities has not increased, then the legislature intends to repeal the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any available data source, including the transfer or sale of properties reported by county records." [2022 c 199 s 2.]

**Tax preference automatic expiration date exemption—2022 c 199:** "The expiration date provisions of RCW 82.32.805(1) (a) do not apply to the tax preferences in sections 3 and 4, chapter 199, Laws of 2022." [2022 c 199 s 5.]

**Automatic expiration date and tax preference performance statement exemption—Effective date—2019 c 424:** See notes following RCW 82.45.060.

**Expiration date—2019 c 390 s 10:** "Section 10 of this act expires January 1, 2030." [2019 c 390 s 21.]

**Tax preference performance statement—2019 c 390 s 10:** "This section is the tax preference performance statement for the tax preference contained in section 10, chapter 390, Laws of 2019. This performance statement is only intended to be used for subsequent

evaluation of the tax preference. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(1) The legislature categorizes this tax preference as one intended to induce certain designated behaviors by taxpayers, as indicated in RCW 82.32.808(2)(a).

(2) It is the legislature's specific public policy objective to preserve the affordable housing opportunities provided by existing manufactured/mobile home communities. It is the legislature's intent to encourage owners to sell existing communities to tenants and eligible organizations by providing a real estate excise tax exemption.

(3) To measure the effectiveness of this tax preference in achieving the specific public policy objective described in subsection (2) of this section, the joint legislative audit and review committee must, at minimum, review the number of units of housing that are preserved as a result of qualified sales of manufactured/mobile home communities and the total amount of exemptions claimed, as reported to the department of revenue.

(4) The joint legislative audit and review committee may use any other data it deems necessary in performing the evaluation under this section." [2019 c 390 s 9.]

**Finding—Intent—2019 c 390:** See note following RCW 59.21.005.

**Tax preference performance statement and expiration—2019 c 390:** See note following RCW 84.36.560.

**Expiration date—2019 c 385 s 2:** "Section 2 of this act expires January 1, 2030." [2019 c 385 s 4.]

**Tax preference performance statement—2019 c 385:** "(1) This section is the tax preference performance statement for this act. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any part or be used to determine eligibility for a preferential tax treatment.

(2) The legislature categorizes the tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(3) It is the legislature's specific public policy objective to provide real estate excise tax relief to developers of self-help housing to encourage continued development of self-help housing.

(4) The joint legislative audit and review committee is directed to review:

(a) The total number of taxpayers that claimed the tax preference; and

(b) The total amount of real estate excise tax revenue that was exempt under this act, annually.

(5) In order to obtain this section, the joint legislative audit and review committee may refer to department of revenue data, as well as any other available data source." [2019 c 385 s 1.]

**Effective date—2019 c 385:** "This act takes effect October 1, 2019." [2019 c 385 s 3.]

**Tax preference performance statement—2018 c 223 s 3:** "(1) This section is the tax preference performance statement for the tax preference contained in section 3, chapter 223, Laws of 2018. This performance statement is only intended to be used for subsequent evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2) (a).

(3) It is the legislature's specific public policy objective to reduce the tax burden on individuals and businesses imposed by the existing real estate excise tax rates.

(4) If a review finds that there is an increase of residential property transfers by parents of a person with developmental disabilities to a qualified entity as a result of the relief from this tax preference, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state." [2018 c 223 s 2.]

**Findings—2018 c 223:** "The legislature finds that there is need to expand housing opportunities for persons with developmental disabilities. The legislature finds it is often preferable for persons with developmental disabilities to remain residing in their home, when it is safe and appropriate, to foster ongoing stability. The legislature recognizes that securing a child's future housing and services provides the parents of persons with developmental disabilities peace of mind. The legislature further finds that providing a new mechanism for the transfer of residential property into housing for persons with developmental disabilities expands the state's housing capacity and helps meet demand. The legislature further finds that utilizing existing residential property will reduce the demands on the housing trust fund. The legislature finds that there is an opportunity and need, for advocates and the supporters of the developmental disabilities community to work together, to develop model transfer agreements that will provide peace of mind and assist parents of children with developmental disabilities [to] more readily access this program." [2018 c 223 s 1.]

**Application—2018 c 221:** "This act applies with respect to transfers occurring before, on, or after July 1, 2018. However, this act may not be construed by the department of revenue, state board of tax appeals, or any court as authorizing the refund of any tax liability imposed or authorized under chapter 82.45 or 82.46 RCW and properly paid before July 1, 2018, with respect to a transfer of qualified low-income housing as defined in RCW 82.45.010(3)(s)." [2018 c 221 s 2.]

**Effective date—2018 c 221:** "This act takes effect July 1, 2018." [2018 c 221 s 3.]

**Uniformity of application and construction—Relation to electronic signatures in global and national commerce act—2014 c 58:** See RCW 64.80.903 and 64.80.904.

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Findings—Intent—Severability—2008 c 116:** See notes following RCW 59.20.300.

**Part headings not law—Severability—2008 c 6:** See RCW 26.60.900 and 26.60.901.

**Findings—Construction—2000 2nd sp.s. c 4 ss 18-30:** See notes following RCW 81.112.300.

**Intent—1999 c 209:** "In chapter 25, Laws of 1993 sp. sess., the legislature found that transfer of ownership of entities can be equivalent to the sale of real property held by the entity. The legislature further found that all transfers of possession or use of real property should be subject to the same excise tax burdens.

The legislature intended to apply the real estate excise tax of chapter 82.45 RCW to transfers of entity ownership when the transfer of entity ownership is comparable to the sale of real property. The legislature intends to equate the excise tax burdens on all sales of real property and transfers of entity ownership essentially equivalent to a sale of real property under chapter 82.45 RCW." [1999 c 209 s 1.]

**Findings—Intent—1993 sp.s. c 25:** "(1) The legislature finds that transfers of ownership of entities may be essentially equivalent to the sale of real property held by the entity. The legislature further finds that all transfers of possession or use of real property should be subject to the same excise tax burdens.

(2) The legislature intends to apply the real estate excise tax of chapter 82.45 RCW to transfers of entity ownership when the transfer of entity ownership is comparable to the sale of real property. The legislature intends to equate the excise tax burdens on all sales of real property and transfers of entity ownership essentially equivalent to a sale of real property under chapter 82.45 RCW." [1993 sp.s. c 25 s 501.]

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Effective date—1981 c 93 s 2:** "Section 2 of this act shall take effect September 1, 1981." [1981 c 93 s 3.]

**Effective date—Severability—1970 ex.s. c 65:** See notes following RCW 82.03.050.

**RCW 82.45.010 "Sale" defined. (Effective January 1, 2030.)** (1) As used in this chapter, the term "sale" has its ordinary meaning and

includes any conveyance, grant, assignment, quitclaim, or transfer of the ownership of or title to real property, including standing timber, or any estate or interest therein for a valuable consideration, and any contract for such conveyance, grant, assignment, quitclaim, or transfer, and any lease with an option to purchase real property, including standing timber, or any estate or interest therein or other contract under which possession of the property is given to the purchaser, or any other person at the purchaser's direction, and title to the property is retained by the vendor as security for the payment of the purchase price. The term also includes the grant, assignment, quitclaim, sale, or transfer of improvements constructed upon leased land.

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

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

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

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

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

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

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

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

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

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

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

(f) The assignment of property or interest in property from one spouse or one domestic partner to the other spouse or other domestic partner in accordance with the terms of a decree of dissolution of

marriage or state registered domestic partnership or in fulfillment of a property settlement agreement.

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

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

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

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

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

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

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

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

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

(p) A transfer of real property, however effected, if it consists of a mere change in identity or form of ownership of an entity where there is no change in the beneficial ownership. These include transfers to a corporation or partnership which is wholly owned by the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner. However, if thereafter such transferee corporation or partnership voluntarily transfers such real property, or such transferor, spouse or domestic partner, or children of the transferor or the transferor's spouse or domestic partner voluntarily transfer stock in the transferee corporation or interest in the transferee partnership capital, as the case may be, to other than (i) the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, (ii) a trust having the transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner as the only beneficiaries at the time of the transfer to the trust, or (iii) a corporation or partnership wholly owned by the original transferor and/or the transferor's spouse or domestic partner or children of the transferor or the transferor's spouse or domestic partner, within three years of the original transfer to which this exemption applies, and the tax on the subsequent transfer has not been paid within sixty days of becoming due, excise taxes become due and payable on the original transfer as otherwise provided by law.

(q) (i) A transfer that for federal income tax purposes does not involve the recognition of gain or loss for entity formation, liquidation or dissolution, and reorganization, including but not limited to nonrecognition of gain or loss because of application of 26

U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal revenue code of 1986, as amended.

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

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

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

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

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

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

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

(A) The adult child with developmental disabilities of the transferor of the residential property must be allowed to reside in

the residence or successor property so long as the placement is safe and appropriate as determined by the department of social and health services;

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

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

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

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

(iii) A "qualified entity" is:

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

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

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

(u) (i) A sale or transfer of real property to a qualifying grantee that uses the property for housing for low-income persons and receives or otherwise qualifies the property for an exemption from real and personal property taxes under RCW 84.36.560, 84.36.049, 35.82.210, 35.21.755, or 84.36.010. For purposes of this subsection (3)(u), "qualifying grantee" means a nonprofit entity as defined in RCW 84.36.560, a nonprofit entity or qualified cooperative association as defined in RCW 84.36.049, a housing authority created under RCW 35.82.030 or 35.82.300, a public corporation established under RCW 35.21.660 or 35.21.730, or a county or municipal corporation. A qualifying grantee that is a county or municipal corporation must record a covenant at the time of transfer that prohibits using the property for any purpose other than for low-income housing for a period of at least 10 years. At a minimum, the covenant must address price restrictions and household income limits for the low-income housing. A qualifying grantee must comply with the requirements

described in (u) (i) (A), (B), or (C) of this subsection and must also certify, by affidavit at the time of sale or transfer, that it intends to comply with those requirements.

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

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

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

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

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

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

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

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

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

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

(iii) If a qualifying grantee transfers the property to a different qualifying grantee within the original timelines described in (u) (i) (A), (B), or (C) of this subsection, neither the original qualifying grantee nor the new qualifying grantee is required to pay the tax, so long as the new qualifying grantee satisfies the requirements as described in (u) (i) (A), (B), or (C) of this subsection within the exemption period of the initial transfer. If the new qualifying grantee fails to satisfy the requirements described in (u) (i) (A), (B), or (C) of this subsection, only the new qualifying grantee is liable for the payment of taxes required by (u) (ii) of this subsection. There is no limit on the number of transfers between qualifying grantees within the original timelines.

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

(v) For the purposes of this subsection (3) (u), "low-income" means household income as defined by the department, provided that the definition may not exceed 80 percent of median household income, adjusted for household size, for the county in which the dwelling is located. [2022 c 199 s 4; 2019 c 424 s 3. Prior: 2018 c 223 s 3; 2018 c 221 s 1; 2014 c 58 s 24; 2010 1st sp.s. c 23 s 207; prior: 2008 c 116 s 3; 2008 c 6 s 701; 2000 2nd sp.s. c 4 s 26; 1999 c 209 s 2; 1993 sp.s. c 25 s 502; 1981 c 93 s 1; 1970 ex.s. c 65 s 1; 1969 ex.s. c 223 s 28A.45.010; prior: 1955 c 132 s 1; 1953 c 94 s 1; 1951 2nd ex.s. c 19 s 1; 1951 1st ex.s. c 11 s 7. Formerly RCW 28A.45.010, 28.45.010.]

**Effective date—2022 c 199 s 4:** "Section 4 of this act takes effect January 1, 2030." [2022 c 199 s 8.]

**Finding—Intent—2022 c 199:** "(1) The legislature finds that Washington state has one of the strongest economies in the country. However, despite the strong economy, our state has entered an affordable housing crisis where low-income and middle-income households have the fewest number of housing options. Furthermore, it is estimated that Washington state's housing gap is among the most severe in the nation, with only 29 affordable and available rental homes for every 100 extremely low-income households.

(2) The legislature concludes that in the spirit of one Washington, the health of all Washingtonians will benefit from a larger stock in affordable housing. Therefore, it is the intent of the legislature to incentivize real property transfers to nonprofit housing providers, public housing authorities, or local governments to increase the availability of affordable housing for low-income Washingtonians." [2022 c 199 s 1.]

**Tax preference performance statement—2022 c 199:** "(1) This section is the tax preference performance statement for the tax preferences in sections 3 and 4, chapter 199, Laws of 2022. This performance statement is only intended to be used for subsequent evaluation of the tax preferences. It is not intended to create a private right of action by any party or be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(3) It is the legislature's specific public policy objective to encourage sales or transfers of real property to nonprofit entities, housing authorities, or public corporations that intend to use the transferred property for housing for low-income persons.

(4) If a review finds that the number of sales or transfers of real property to qualified entities has not increased, then the legislature intends to repeal the expiration date of the tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any available data source, including the transfer or sale of properties reported by county records." [2022 c 199 s 2.]

**Tax preference automatic expiration date exemption—2022 c 199:** "The expiration date provisions of RCW 82.32.805(1)(a) do not apply to the tax preferences in sections 3 and 4, chapter 199, Laws of 2022." [2022 c 199 s 5.]

**Automatic expiration date and tax preference performance statement exemption—Effective date—2019 c 424:** See notes following RCW 82.45.060.

**Tax preference performance statement—2018 c 223 s 3:** "(1) This section is the tax preference performance statement for the tax preference contained in section 3, chapter 223, Laws of 2018. This performance statement is only intended to be used for subsequent

evaluation of the tax preference. It is not intended to create a private right of action by any party or to be used to determine eligibility for preferential tax treatment.

(2) The legislature categorizes this tax preference as one intended to induce certain designated behavior by taxpayers, as indicated in RCW 82.32.808(2)(a).

(3) It is the legislature's specific public policy objective to reduce the tax burden on individuals and businesses imposed by the existing real estate excise tax rates.

(4) If a review finds that there is an increase of residential property transfers by parents of a person with developmental disabilities to a qualified entity as a result of the relief from this tax preference, then the legislature intends to extend the expiration date of this tax preference.

(5) In order to obtain the data necessary to perform the review in subsection (4) of this section, the joint legislative audit and review committee may refer to any data collected by the state." [2018 c 223 s 2.]

**Findings—2018 c 223:** "The legislature finds that there is need to expand housing opportunities for persons with developmental disabilities. The legislature finds it is often preferable for persons with developmental disabilities to remain residing in their home, when it is safe and appropriate, to foster ongoing stability. The legislature recognizes that securing a child's future housing and services provides the parents of persons with developmental disabilities peace of mind. The legislature further finds that providing a new mechanism for the transfer of residential property into housing for persons with developmental disabilities expands the state's housing capacity and helps meet demand. The legislature further finds that utilizing existing residential property will reduce the demands on the housing trust fund. The legislature finds that there is an opportunity and need, for advocates and the supporters of the developmental disabilities community to work together, to develop model transfer agreements that will provide peace of mind and assist parents of children with developmental disabilities [to] more readily access this program." [2018 c 223 s 1.]

**Application—2018 c 221:** "This act applies with respect to transfers occurring before, on, or after July 1, 2018. However, this act may not be construed by the department of revenue, state board of tax appeals, or any court as authorizing the refund of any tax liability imposed or authorized under chapter 82.45 or 82.46 RCW and properly paid before July 1, 2018, with respect to a transfer of qualified low-income housing as defined in RCW 82.45.010(3)(s)." [2018 c 221 s 2.]

**Effective date—2018 c 221:** "This act takes effect July 1, 2018." [2018 c 221 s 3.]

**Uniformity of application and construction—Relation to electronic signatures in global and national commerce act—2014 c 58:** See RCW 64.80.903 and 64.80.904.

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Findings—Intent—Severability—2008 c 116:** See notes following RCW 59.20.300.

**Part headings not law—Severability—2008 c 6:** See RCW 26.60.900 and 26.60.901.

**Findings—Construction—2000 2nd sp.s. c 4 ss 18-30:** See notes following RCW 81.112.300.

**Intent—1999 c 209:** "In chapter 25, Laws of 1993 sp. sess., the legislature found that transfer of ownership of entities can be equivalent to the sale of real property held by the entity. The legislature further found that all transfers of possession or use of real property should be subject to the same excise tax burdens.

The legislature intended to apply the real estate excise tax of chapter 82.45 RCW to transfers of entity ownership when the transfer of entity ownership is comparable to the sale of real property. The legislature intends to equate the excise tax burdens on all sales of real property and transfers of entity ownership essentially equivalent to a sale of real property under chapter 82.45 RCW." [1999 c 209 s 1.]

**Findings—Intent—1993 sp.s. c 25:** "(1) The legislature finds that transfers of ownership of entities may be essentially equivalent to the sale of real property held by the entity. The legislature further finds that all transfers of possession or use of real property should be subject to the same excise tax burdens.

(2) The legislature intends to apply the real estate excise tax of chapter 82.45 RCW to transfers of entity ownership when the transfer of entity ownership is comparable to the sale of real property. The legislature intends to equate the excise tax burdens on all sales of real property and transfers of entity ownership essentially equivalent to a sale of real property under chapter 82.45 RCW." [1993 sp.s. c 25 s 501.]

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Effective date—1981 c 93 s 2:** "Section 2 of this act shall take effect September 1, 1981." [1981 c 93 s 3.]

**Effective date—Severability—1970 ex.s. c 65:** See notes following RCW 82.03.050.

**RCW 82.45.020 "Seller" defined.** As used in this chapter the term "seller," unless otherwise indicated by the context, shall mean any individual, receiver, assignee, trustee in bankruptcy, trust, estate, firm, copartnership, joint venture, club, company, joint stock company, business trust, municipal corporation, quasi municipal corporation, corporation, association, society, or any group of individuals acting as a unit, whether mutual, cooperative, fraternal, nonprofit or otherwise; but it shall not include the United States or the state of Washington. [1980 c 154 s 1; 1969 ex.s. c 223 s

28A.45.020. Prior: 1951 1st ex.s. c 11 s 6. Formerly RCW 28A.45.020, 28.45.020.]

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter digest.

**RCW 82.45.030 "Selling price," "total consideration paid or contracted to be paid," defined.** (1) As used in this chapter, the term "selling price" means the true and fair value of the property conveyed. If property has been conveyed in an arm's length transaction between unrelated persons for a valuable consideration, a rebuttable presumption exists that the selling price is equal to the total consideration paid or contracted to be paid to the transferor, or to another for the transferor's benefit.

(2) If the sale is a transfer of a controlling interest in an entity with an interest in real property located in this state, the selling price shall be the true and fair value of the real property owned by the entity and located in this state. If the true and fair value of the real property located in this state cannot reasonably be determined, the selling price shall be determined according to subsection (4) of this section.

(3) As used in this section, "total consideration paid or contracted to be paid" includes money or anything of value, paid or delivered or contracted to be paid or delivered in return for the sale, and shall include the amount of any lien, mortgage, contract indebtedness, or other incumbrance, either given to secure the purchase price, or any part thereof, or remaining unpaid on such property at the time of sale.

Total consideration shall not include the amount of any outstanding lien or incumbrance in favor of the United States, the state, or a municipal corporation for taxes, special benefits, or improvements.

When a transfer or conveyance is made by deed in lieu of foreclosure to satisfy a deed of trust, total consideration shall not include the amount of any relocation assistance provided to the transferor.

(4) If the total consideration for the sale cannot be ascertained or the true and fair value of the property to be valued at the time of the sale cannot reasonably be determined, the market value assessment for the property maintained on the county property tax rolls at the time of the sale shall be used as the selling price. [2011 c 58 s 15; 1993 sp.s. c 25 s 503; 1969 ex.s. c 223 s 28A.45.030. Prior: 1951 2nd ex.s. c 19 s 2; 1951 1st ex.s. c 11 s 8. Formerly RCW 28A.45.030, 28.45.030.]

**Findings—Intent—Short title—2011 c 58:** See notes following RCW 61.24.005.

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Findings—Intent—1993 sp.s. c 25:** See note following RCW 82.45.010.

**RCW 82.45.032 Additional definitions.** Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) "Real estate" or "real property" means any interest, estate, or beneficial interest in land or anything affixed to land, including the ownership interest or beneficial interest in any entity which itself owns land or anything affixed to land. The term includes used mobile homes, used park model trailers, used floating homes, and improvements constructed upon leased land.

(2) "Used mobile home" means a mobile home which has been previously sold at retail and has been subjected to tax under chapter 82.08 RCW, or which has been previously used and has been subjected to tax under chapter 82.12 RCW, and which has substantially lost its identity as a mobile unit at the time of sale by virtue of its being fixed in location upon land owned or leased by the owner of the mobile home and placed on a foundation (posts or blocks) with fixed pipe connections with sewer, water, and other utilities.

(3) "Mobile home" means a mobile home as defined by RCW 46.04.302, as now or hereafter amended.

(4) "Park model trailer" means a park model trailer as defined in RCW 46.04.622.

(5) "Used floating home" means a floating home in respect to which tax has been paid under chapter 82.08 or 82.12 RCW.

(6) "Used park model trailer" means a park model trailer that has been previously sold at retail and has been subjected to tax under chapter 82.08 RCW, or that has been previously used and has been subjected to tax under chapter 82.12 RCW, and that has substantially lost its identity as a mobile unit by virtue of its being permanently sited in location and placed on a foundation of either posts or blocks with connections with sewer, water, or other utilities for the operation of installed fixtures and appliances.

(7) "Floating home" means a building on a float used in whole or in part for human habitation as a single-family dwelling, which is not designed for self propulsion by mechanical means or for propulsion by means of wind, and which is on the property tax rolls of the county in which it is located. [2001 c 282 s 2; 1993 sp.s. c 25 s 504; 1986 c 211 s 1; 1984 c 192 s 1; 1979 ex.s. c 266 s 1. Formerly RCW 28A.45.032.]

**Intent—Effective date—2001 c 282:** See notes following RCW 82.08.032.

**Severability—Effective dates—Part headings, captions not law—1993 sp.s c 25:** See notes following RCW 82.04.230.

**Findings—Intent—1993 sp.s. c 25:** See note following RCW 82.45.010.

**RCW 82.45.033 "Controlling interest" defined.** (1) As used in this chapter, the term "controlling interest" has the following meaning:

(a) In the case of a profit corporation, either fifty percent or more of the total combined voting power of all classes of stock of the corporation entitled to vote, or fifty percent of the capital,

profits, or beneficial interest in the voting stock of the corporation; and

(b) In the case of any other corporation, or a partnership, association, trust, or other entity, fifty percent or more of the capital, profits, or beneficial interest in such corporation, partnership, association, trust, or other entity.

(2) The department may, at the department's option, enforce the obligation of the seller under this chapter as provided in this subsection (2):

(a) In the transfer or acquisition of a controlling interest as defined in subsection (1)(a) of this section, either against the corporation in which a controlling interest is transferred or acquired, against the person or persons who acquired the controlling interest in the corporation or, when the corporation is not a publicly traded company, against the person or persons who transferred the controlling interest in the corporation; and

(b) In the transfer or acquisition of a controlling interest as defined in subsection (1)(b) of this section, either against the entity in which a controlling interest is transferred or acquired or against the person or persons who transferred or acquired the controlling interest in the entity. [2019 c 424 s 4; 2010 1st sp.s. c 23 s 208; 1993 sp.s. c 25 s 505.]

**Automatic expiration date and tax preference performance statement exemption—Effective date—2019 c 424:** See notes following RCW 82.45.060.

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Findings—Intent—1993 sp.s. c 25:** See note following RCW 82.45.010.

**RCW 82.45.035 Determining selling price of leases with option to purchase—Mining property—Payment, security when selling price not separately stated.** The state department of revenue shall provide by rule for the determination of the selling price in the case of leases with option to purchase, and shall further provide that the tax shall not be payable, where inequity will otherwise result, until and unless the option is exercised and accepted. A conditional sale of mining property in which the buyer has the right to terminate the contract at any time, and a lease and option to buy mining property in which the lessee-buyer has the right to terminate the lease and option at any time, shall be taxable at the time of execution only on the consideration received by the seller or lessor for execution of such contract, but the rule shall further provide that the tax due on any additional consideration paid by the buyer and received by the seller shall be paid to the county treasurer (1) at the time of termination, or (2) at the time that all of the consideration due to the seller has

been paid and the transaction is completed except for the delivery of the deed to the buyer, or (3) at the time when the buyer unequivocally exercises an option to purchase the property, whichever of the three events occurs first.

The term "mining property" means property containing or believed to contain metallic minerals and sold or leased under terms which require the purchaser or lessor to conduct exploration or mining work thereon and for no other use. The term "metallic minerals" does not include clays, coal, sand and gravel, peat, gypsite, or stone, including limestone.

The state department of revenue shall further provide by rule for cases where the selling price is not separately stated or is not ascertainable at the time of sale, for the payment of the tax at a time when the selling price is ascertained, in which case suitable security may be required for payment of the tax, and may further provide for the determination of the selling price by an appraisal by the county assessor, based on the full and true market value, which appraisal shall be prima facie evidence of the selling price of the real property. [1969 ex.s. c 223 s 28A.45.035. Prior: 1967 ex.s. c 149 s 1; 1959 c 208 s 1; 1951 2nd ex.s. c 19 s 3. Formerly RCW 28A.45.035, 28.45.035.]

**RCW 82.45.060 Tax on sale of property.** (1) There is imposed an excise tax upon each sale of real property.

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

(b) Beginning January 1, 2020, except as provided in (c) of this subsection, the rate of the tax imposed under this section is as follows:

(i) 1.1 percent of the portion of the selling price that is less than or equal to five hundred thousand dollars;

(ii) 1.28 percent of the portion of the selling price that is greater than five hundred thousand dollars and equal to or less than one million five hundred thousand dollars;

(iii) 2.75 percent of the portion of the selling price that is greater than one million five hundred thousand dollars and equal to or less than three million dollars;

(iv) Three percent of the portion of the selling price that is greater than three million dollars.

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

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

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

(b) The department must adjust the selling price thresholds in subsection (1)(b)(ii) through (iv) of this section by the dollar amount of any increase in the selling price threshold in subsection (1)(b)(i) of this section.

(c) The department must publish updated selling price thresholds by September 1, 2022, and September 1st of every fourth year thereafter. Updated selling price thresholds will apply beginning January 1, 2023, and January 1st every fourth year thereafter.

Adjusted selling price thresholds must be rounded to the nearest one thousand dollars. No changes may be made to adjusted selling price thresholds once such adjustments take effect.

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

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

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

(b) County treasurers are not responsible for verifying that the seller has properly classified real property reported on a real estate excise tax affidavit. The department is solely responsible for such verification as part of its audit responsibilities under RCW 82.45.150.

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

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

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

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

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

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

(d) "Timberland" means land classified under chapter 84.34 RCW or designated under chapter 84.33 RCW, including any structures and standing timber on such land, and standing timber sold apart from the land upon which it sits. [2019 c 424 s 1; 2017 3rd sp.s. c 10 s 13; 2013 2nd sp.s. c 9 s 6. Prior: 2011 1st sp.s. c 50 s 975; 2011 1st sp.s. c 48 s 7035; 2005 c 450 s 1; 2000 c 103 s 15; 1987 c 472 s 14; 1983 2nd ex.s. c 3 s 20; 1982 1st ex.s. c 35 s 14; 1980 c 154 s 2; 1969 ex.s. c 223 s 28A.45.060; prior: 1951 1st ex.s. c 11 s 5. Formerly RCW 28A.45.060, 28.45.060.]

**Automatic expiration date and tax preference performance statement exemption—2019 c 424:** "The provisions of RCW 82.32.805 and 82.32.808 do not apply to this act." [2019 c 424 s 8.]

**Effective date—2019 c 424:** "This act takes effect January 1, 2020." [2019 c 424 s 9.]

**Intent—Effective dates—2013 2nd sp.s. c 9:** See notes following RCW 28A.150.220.

**Effective dates—2011 1st sp.s. c 50:** See note following RCW 15.76.115.

**Effective date—2011 1st sp.s. c 48:** See note following RCW 39.35B.050.

**Effective date—2005 c 450:** "This act takes effect August 1, 2005." [2005 c 450 s 4.]

**Construction—Severability—Effective dates—1983 2nd ex.s. c 3:** See notes following RCW 82.04.255.

**Severability—Effective dates—1982 1st ex.s. c 35:** See notes following RCW 82.08.020.

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter digest.

**RCW 82.45.065 Tax preferences—Expiration dates.** See RCW 82.32.805 for the expiration date of new tax preferences for the tax imposed under this chapter. [2013 2nd sp.s. c 13 s 1718.]

**Effective date—2013 2nd sp.s. c 13:** See note following RCW 82.04.43393.

**RCW 82.45.070 Tax is lien on property—Enforcement.** The tax provided for in this chapter and any interest or penalties thereon is a specific lien upon each parcel of real property located in this state that is either sold or that is owned by an entity in which a controlling interest has been transferred or acquired. The lien attaches from the time of sale until the tax is paid, which lien may be enforced in the manner prescribed for the foreclosure of mortgages. [2010 1st sp.s. c 23 s 209; 1969 ex.s. c 223 s 28A.45.070. Prior: 1951 1st ex.s. c 11 s 9. Formerly RCW 28A.45.070, 28.45.070.]

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**RCW 82.45.080 Tax is seller's obligation—Choice of remedies.**

(1) The tax levied under this chapter is the obligation of the seller and the department may, at the department's option, enforce the obligation through an action of debt against the seller or the department may proceed in the manner prescribed for the foreclosure of mortgages. The department's use of one course of enforcement is not an election not to pursue the other.

(2) For purposes of this section and notwithstanding any other provisions of law, the seller is the parent corporation of a wholly owned subsidiary, when such subsidiary is the transferor to a third-party transferee and the subsidiary is dissolved before paying the tax imposed under this chapter. [2010 1st sp.s. c 23 s 210; 1980 c 154 s 3; 1969 ex.s. c 223 s 28A.45.080. Prior: 1951 1st ex.s. c 11 s 10. Formerly RCW 28A.45.080, 28.45.080.]

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter digest.

**RCW 82.45.090 Payment of tax and fee—Evidence of payment—Recording—Sale of beneficial interest.** (1) Except for a sale of a beneficial interest in real property where no instrument evidencing the sale is recorded in the official real property records of the county in which the property is located, the tax imposed by this chapter must be paid to and collected by the treasurer of the county within which is located the real property that was sold. In collecting the tax the county treasurer must act as agent for the state. The county treasurer must cause a verification of payment evidencing satisfaction of the lien to be affixed to the instrument of sale or conveyance prior to its recording or to the real estate excise tax affidavit in the case of used mobile home sales and used floating home sales. A receipt issued by the county treasurer for the payment of the tax imposed under this chapter is evidence of the satisfaction of the lien imposed in this section and may be recorded in the manner prescribed for recording satisfactions of mortgages. No instrument of sale or conveyance evidencing a sale subject to the tax may be accepted by the county auditor for filing or recording until the tax is paid and the verification of payment affixed thereto; in case the tax is not due on the transfer, the instrument may not be so accepted until suitable notation of such fact has been made on the instrument by the treasurer. At the sale of a used mobile home, used manufactured home, used park model, or used floating home that has not been title eliminated, property taxes must be current in order to complete the processing of the real estate excise tax affidavit or other documents transferring title. Verification that the property taxes are current must be noted on the mobile home real estate excise tax affidavit or on a form approved by the county treasurer. For the purposes of this subsection, "mobile home," "manufactured home," and "park model" have the same meaning as provided in RCW 59.20.030.

(2) For a sale of a beneficial interest in real property where a tax is due under this chapter and where no instrument is recorded in the official real property records of the county in which the property is located, the sale must be reported to the department of revenue within five days from the sale date on such returns or forms and according to such procedures as the department may prescribe. Such forms or returns must be signed or electronically signed by both the transferor and the transferee and must be accompanied by payment of the tax due.

(3) Any person who intentionally makes a false statement on any return or form required to be filed with the department under this chapter is guilty of perjury under chapter 9A.72 RCW. [2017 c 142 s 3; 2009 c 350 s 8; 2003 c 53 s 404; 1993 sp.s. c 25 s 506; 1991 c 327 s 6; 1990 c 171 s 7; 1984 c 192 s 2; 1980 c 154 s 4; 1979 ex.s. c 266 s 2; 1969 ex.s. c 223 s 28A.45.090. Prior: 1951 2nd ex.s. c 19 s 4; 1951 1st ex.s. c 11 s 11. Formerly RCW 28A.45.090, 28.45.090.]

**Intent—Effective date—2003 c 53:** See notes following RCW 2.48.180.

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Findings—Intent—1993 sp.s. c 25:** See note following RCW 82.45.010.

**Effective date—1990 c 171 ss 6, 7, 8:** "Sections 6, 7, and 8 of this act shall take effect July 1, 1990." [1990 c 171 s 11.]

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter digest.

**RCW 82.45.100 Tax payable at time of sale—Interest, penalties on unpaid or delinquent taxes—Notice—Prohibition on certain assessments or refunds—Deposit of penalties.** (1) Payment of the tax imposed under this chapter is due and payable immediately at the time of sale, and if not paid within one month thereafter will bear interest from the time of sale until the date of payment.

(a) Interest imposed before January 1, 1999, is computed at the rate of one percent per month.

(b) Interest imposed after December 31, 1998, is computed on a monthly basis at the rate as computed under RCW 82.32.050(2). The rate so computed must be adjusted on the first day of January of each year for use in computing interest for that calendar year. The department must provide written notification to the county treasurers of the variable rate on or before December 1st of the year preceding the calendar year in which the rate applies.

(2) In addition to the interest described in subsection (1) of this section, if the payment of any tax is not received by the county treasurer or the department of revenue, as the case may be, within one month of the date due, there is assessed a penalty of five percent of the amount of the tax; if the tax is not received within two months of the date due, there will be assessed a total penalty of ten percent of the amount of the tax; and if the tax is not received within three months of the date due, there will be assessed a total penalty of

twenty percent of the amount of the tax. The payment of the penalty described in this subsection is collectible from the seller only, and RCW 82.45.070 does not apply to the penalties described in this subsection.

(3) If the tax imposed under this chapter is not received by the due date, the transferee is personally liable for the tax, along with any interest as provided in subsection (1) of this section, unless an instrument evidencing the sale is recorded in the official real property records of the county in which the property conveyed is located.

(4) If upon examination of any affidavits or from other information obtained by the department or its agents it appears that all or a portion of the tax is unpaid, the department must assess against the taxpayer the additional amount found to be due plus interest and penalties as provided in subsections (1) and (2) of this section. The department must notify the taxpayer by mail, or electronically as provided in RCW 82.32.135, of the additional amount and the same becomes due and must be paid within thirty days from the date of the notice, or within such further time as the department may provide.

(5) No assessment or refund may be made by the department more than four years after the date of sale except upon a showing of:

(a) Fraud or misrepresentation of a material fact by the taxpayer;

(b) A failure by the taxpayer to record documentation of a sale or otherwise report the sale to the county treasurer; or

(c) A failure of the transferor or transferee to report the sale under RCW 82.45.090(2).

(6) Penalties collected on taxes due under this chapter under subsection (2) of this section and RCW 82.32.090 (2) through (8) must be deposited in the housing trust fund as described in chapter 43.185A RCW. [2023 c 275 s 24; 2010 1st sp.s. c 23 s 211; 2007 c 111 s 112; 1997 c 157 s 4; 1996 c 149 s 5; 1993 sp.s. c 25 s 507; 1988 c 286 s 5; 1982 c 176 s 1; 1981 c 167 s 2.]

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Part headings not law—2007 c 111:** See note following RCW 82.16.120.

**Findings—Intent—Effective date—1996 c 149:** See notes following RCW 82.32.050.

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Findings—Intent—1993 sp.s. c 25:** See note following RCW 82.45.010.

**Audits, assessments, and refunds—1982 c 176:** See note following chapter digest.

**Effective date—1981 c 167:** See note following RCW 82.45.150.

**RCW 82.45.105 Single-family residential property, tax credit when subsequent transfer of within nine months for like property.**

Where single-family residential property is being transferred as the entire or part consideration for the purchase of other single-family residential property and a licensed real estate broker or one of the parties to the transaction accepts transfer of said property, a credit for the amount of the tax paid at the time of the transfer to the broker or party shall be allowed toward the amount of the tax due upon a subsequent transfer of the property by the broker or party if said transfer is made within nine months of the transfer to the broker or party: PROVIDED, That if the tax which would be due on the subsequent transfer from the broker or party is greater than the tax paid for the prior transfer to said broker or party the difference shall be paid, but if the tax initially paid is greater than the amount of the tax which would be due on the subsequent transfer no refund shall be allowed. [1969 ex.s. c 223 s 28A.45.105. Prior: 1967 ex.s. c 149 s 61. Formerly RCW 28A.45.105, 28.45.105.]

**RCW 82.45.150 Applicability of general administrative provisions—Departmental rules, scope—Real estate excise tax affidavit form—Departmental audit.**

All of chapter 82.32 RCW, except RCW 82.32.030, 82.32.050, 82.32.140, 82.32.270, and 82.32.090 (1) and (10), applies to the tax imposed by this chapter, in addition to any other provisions of law for the payment and enforcement of the tax imposed by this chapter. The department of revenue must by rule provide for the effective administration of this chapter. The rules must prescribe and furnish a real estate excise tax affidavit form verified by both the seller and the buyer, or agents of each, to be used by each county, or the department, as the case may be, in the collection of the tax imposed by this chapter, except that an affidavit given in connection with grant of an easement or right-of-way to a gas, electrical, or telecommunications company, as defined in RCW 80.04.010, or to a public utility district or cooperative that distributes electricity, need be verified only on behalf of the company, district, or cooperative and except that a transfer on death deed need be verified only on behalf of the transferor. The department of revenue must annually conduct audits of transactions and affidavits filed under this chapter. [2014 c 97 s 307; 2014 c 58 s 26; 1996 c 149 s 6; 1994 c 137 s 1; 1993 sp.s. c 25 s 509; 1981 c 167 s 1; 1980 c 154 s 5.]

**Reviser's note:** This section was amended by 2014 c 58 s 26 and by 2014 c 97 s 307, each without reference to the other. Both amendments are incorporated in the publication of this section under RCW 1.12.025(2). For rule of construction, see RCW 1.12.025(1).

**Uniformity of application and construction—Relation to electronic signatures in global and national commerce act—2014 c 58:** See RCW 64.80.903 and 64.80.904.

**Findings—Intent—Effective date—1996 c 149:** See notes following RCW 82.32.050.

**Severability—Effective dates—Part headings, captions not law—**  
**1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Findings—1993 sp.s. c 25:** See note following RCW 82.45.010.

**Effective date—1981 c 167:** "This act shall take effect September 1, 1981." [1981 c 167 s 4.]

**Purpose—Effective dates—Savings—Disposition of certain funds—**  
**Severability—1980 c 154:** See notes following chapter digest.

*Audits, assessments, and refunds: See note following chapter digest.*

**RCW 82.45.180 Disposition of proceeds.** (1)(a) For taxes collected by the county under this chapter, the county treasurer shall collect a five dollar fee on all transactions required by this chapter where the transaction does not require the payment of tax. A total of five dollars shall be collected in the form of a tax and fee, where the calculated tax payment is less than five dollars. Through June 30, 2006, the county treasurer shall place one percent of the taxes collected by the county under this chapter and the treasurer's fee in the county current expense fund to defray costs of collection. After June 30, 2006, the county treasurer shall place one and three-tenths percent of the taxes collected by the county under this chapter and the treasurer's fee in the county current expense fund to defray costs of collection. For taxes collected by the county under this chapter before July 1, 2006, the county treasurer shall pay over to the state treasurer and account to the department of revenue for the proceeds at the same time the county treasurer remits funds to the state under RCW 84.56.280. For taxes collected by the county under this chapter after June 30, 2006, on a monthly basis the county treasurer shall pay over to the state treasurer the month's transmittal. The month's transmittal must be received by the state treasurer by 12:00 p.m. on the last working day of each month. The county treasurer shall account to the department for the month's transmittal by the twentieth day of the month following the month in which the month's transmittal was paid over to the state treasurer. The state treasurer shall deposit the proceeds in the general fund.

(b) For purposes of this subsection, the definitions in this subsection apply.

(i) "Close of business" means the time when the county treasurer makes his or her daily deposit of proceeds.

(ii) "Month's transmittal" means all proceeds deposited by the county through the close of business of the day that is two working days before the last working day of the month. This definition of "month's transmittal" shall not be construed as requiring any change in a county's practices regarding the timing of its daily deposits of proceeds.

(iii) "Proceeds" means moneys collected and receipted by the county from the taxes imposed by this chapter, less the county's share of the proceeds used to defray the county's costs of collection allowable in (a) of this subsection.

(iv) "Working day" means a calendar day, except Saturdays, Sundays, and all legal holidays as provided in RCW 1.16.050.

(2) For taxes collected by the department of revenue under this chapter, the department shall remit the tax to the state treasurer who shall deposit the proceeds of any state tax in the general fund. The state treasurer shall deposit the proceeds of any local taxes imposed under chapter 82.46 RCW in the local real estate excise tax account hereby created in the state treasury. Moneys in the local real estate excise tax account may be spent only for distribution to counties, cities, and towns imposing a tax under chapter 82.46 RCW. Except as provided in RCW 43.08.190, all earnings of investments of balances in the local real estate excise tax account shall be credited to the local real estate excise tax account and distributed to the counties, cities, and towns monthly. Monthly the state treasurer shall make distribution from the local real estate excise tax account to the counties, cities, and towns the amount of tax collected on behalf of each taxing authority. The state treasurer shall make the distribution under this subsection without appropriation.

(3) (a) Through June 30, 2010, the county treasurer shall collect an additional five dollar fee on all transactions required by this chapter, regardless of whether the transaction requires the payment of tax. The county treasurer shall remit this fee to the state treasurer at the same time the county treasurer remits funds to the state under subsection (1) of this section. The state treasurer shall place money from this fee in the general fund. By the twentieth day of the subsequent month, the state treasurer shall distribute to each county treasurer according to the following formula: Three-quarters of the funds available shall be equally distributed among the thirty-nine counties; and the balance shall be ratably distributed among the counties in direct proportion to their population as it relates to the total state's population based on most recent statistics by the office of financial management.

(b) When received by the county treasurer, the funds shall be placed in a special real estate excise tax electronic technology fund held by the county treasurer to be used exclusively for the development, implementation, and maintenance of an electronic processing and reporting system for real estate excise tax affidavits. Funds may be expended to make the system compatible with the automated real estate excise tax system developed by the department and compatible with the processes used in the offices of the county assessor and county auditor. Any funds held in the account that are not expended by the earlier of: July 1, 2015, or at such time that the county treasurer is utilizing an electronic processing and reporting system for real estate excise tax affidavits compatible with the department and compatible with the processes used in the offices of the county assessor and county auditor, revert to the special real estate and property tax administration assistance account in accordance with subsection (5) (c) of this section.

(4) Beginning July 1, 2010, through December 31, 2013, the county treasurer shall continue to collect the additional five dollar fee in subsection (3) of this section on all transactions required by this chapter, regardless of whether the transaction requires the payment of tax. During this period, the county treasurer shall remit this fee to the state treasurer at the same time the county treasurer remits funds to the state under subsection (1) of this section. The state treasurer shall place money from this fee in the annual property revaluation grant account created in \*RCW 84.41.170.

(5) (a) The real estate and property tax administration assistance account is created in the custody of the state treasurer. An

appropriation is not required for expenditures and the account is not subject to allotment procedures under chapter 43.88 RCW.

(b) Beginning January 1, 2014, the county treasurer must continue to collect the additional five dollar fee in subsection (3) of this section on all transactions required by this chapter, regardless of whether the transaction requires the payment of tax. The county treasurer shall deposit one-half of this fee in the special real estate and property tax administration assistance account in accordance with (c) of this subsection and remit the balance to the state treasurer at the same time the county treasurer remits funds to the state under subsection (1) of this section. The state treasurer must place money from this fee in the real estate and property tax administration assistance account. By the twentieth day of the subsequent month, the state treasurer must distribute the funds to each county treasurer according to the following formula: One-half of the funds available must be equally distributed among the thirty-nine counties; and the balance must be ratably distributed among the counties in direct proportion to their population as it relates to the total state's population based on most recent statistics by the office of financial management.

(c) When received by the county treasurer, the funds must be placed in a special real estate and property tax administration assistance account held by the county treasurer to be used for:

(i) Maintenance and operation of an annual revaluation system for property tax valuation; and

(ii) Maintenance and operation of an electronic processing and reporting system for real estate excise tax affidavits. [2013 c 251 s 11; 2010 1st sp.s. c 26 s 9; 2009 c 308 s 5; 2006 c 312 s 1. Prior: 2005 c 486 s 2; 2005 c 480 s 2; 1998 c 106 s 11; 1993 sp.s. c 25 s 510; 1991 c 245 s 15; 1982 c 176 s 2; 1981 c 167 s 3; 1980 c 154 s 6.]

**\*Reviser's note:** RCW 84.41.170 expired July 1, 2014.

**Residual balance of funds—Effective date—2013 c 251:** See notes following RCW 41.06.280.

**Effective date—Severability—2006 c 312:** See notes following RCW 82.45.210.

**Purpose—2005 c 486:** "Over the past decade, traditional school construction funding sources, such as timber revenues, have been declining, while the demand for school facility construction and improvements have been increasing. Washington's youth deserve safe, healthy, and supportive learning environments to help meet their educational needs. To increase state assistance for local school construction projects, the legislature expects to rely more on state bonding authority. The purpose of this act is to expand the constitutional definition of general state revenues by removing the dedication of a portion of the real estate excise tax for common schools. Nothing in this act is intended to affect the state's current efforts to support common schools in the state's omnibus appropriations act." [2005 c 486 s 1.]

**Intent—Findings—Effective date—2005 c 480:** See notes following RCW 82.45.210.

**Severability—Effective dates—Part headings, captions not law—1993 sp.s. c 25:** See notes following RCW 82.04.230.

**Findings—Intent—1993 sp.s. c 25:** See note following RCW 82.45.010.

**Audits, assessments, and refunds—1982 c 176:** See note following chapter digest.

**Effective date—1981 c 167:** See note following RCW 82.45.150.

**Purpose—Effective dates—Savings—Disposition of certain funds—Severability—1980 c 154:** See notes following chapter digest.

**RCW 82.45.190 Exemptions—State route No. 16 corridor transportation systems and facilities.** Sales of the state route number 16 corridor transportation systems and facilities constructed under chapter 47.46 RCW are exempt from tax under this chapter. [1998 c 179 s 7.]

**Finding—1998 c 179:** See note following RCW 35.21.718.

**RCW 82.45.195 Exemptions—Standing timber sales.** A sale of standing timber is exempt from tax under this chapter if the gross income from such sale is taxable under RCW 82.04.260(12)(d). [2014 c 97 s 308; 2010 1st sp.s. c 23 s 518; 2007 c 48 s 7.]

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.04.4292.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**Effective date—2007 c 48:** See note following RCW 82.04.260.

**RCW 82.45.197 Exemptions—Inheritance—Documents required.** (1) In order to receive an exemption under RCW 82.45.010(3)(a) from the tax in this chapter on real property transferred as a result of a devise by will or inheritance, the following documentation must be provided to the county treasurer:

(a) If the property is being transferred under the terms of a community property agreement, a copy of the recorded agreement and a certified copy of the death certificate;

(b) If the property is being transferred under the terms of a trust instrument, a certified copy of the death certificate and a copy of that portion of the trust instrument showing the authority of the grantor;

(c) If the property is being transferred under the terms of a probated will, a certified copy of the letters testamentary or in the case of intestate administration, a certified copy of the letters of administration showing that the grantor is the court-appointed executor, executrix, or administrator;

(d) In the case of joint tenants with right of survivorship and remainder interests, a certified copy of the death certificate;

(e) If the property is being transferred pursuant to a court order, a certified copy of the court order requiring the transfer, and confirming that the grantor is required to do so under the terms of the order;

(f) If the community property interest of the decedent is being transferred to a surviving spouse or surviving domestic partner absent the documentation set forth in (a) through (e) of this subsection, a certified copy of the death certificate and a signed lack of probate affidavit from the surviving spouse or surviving domestic partner affirming that he or she is the sole and rightful heir to the property;

(g) If the real property is transferred to one or more heirs by operation of law, or transferred under a will that has not been probated, but absent the documentation set forth in (a) through (e) of this subsection, a certified copy of the death certificate and a signed lack of probate affidavit affirming that the affiant or affiants are the sole and rightful heirs to the property;

(h) When real property is transferred as described in (g) of this subsection (1) and the decedent-transferor had also inherited the property from his or her spouse or domestic partner but never transferred title to the property into the decedent-transferor's name, the transferee or transferees must provide: (i) A certified copy of the death certificates for the decedent-transferor and the spouse or domestic partner from whom the decedent-transferor inherited the real property; and (ii) a lack of probate affidavit affirming that the affiant or affiants are the rightful heirs to the property; or

(i) If the property is being transferred pursuant to a transfer on death deed, a certified copy of the death certificate.

(2) The documentation provided to the county treasurer under this section must also be recorded with the county auditor.

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

(a) "Heir" has the same meaning as provided in RCW 11.02.005;

(b) "Lack of probate affidavit" means a signed and notarized document declaring that the affiant or affiants are the rightful heir or heirs to the property and containing the following information:

(i) The names of the affiant or affiants;

(ii) The relationship of the affiant or affiants to the decedent;

(iii) The names of all other heirs of the decedent living at the time of the decedent's death;

(iv) A description of the real property;

(v) Whether the decedent left a will that includes a devise of real property; and

(vi) Any other information the department may require. [2016 c 174 s 2; 2014 c 58 s 25; 2008 c 269 s 1.]

**Findings—Intent—2016 c 174:** "The legislature finds that state and local real estate excise taxes apply to the sale of real property unless one of several statutory exceptions apply. The legislature further finds that one such exception involves real property transferred as a result of a devise by will or inheritance. The legislature further finds that RCW 82.45.197 requires specific types of documentation to be provided to qualify for this inheritance exemption. The legislature further finds that in some cases, property

passes from a decedent to a devisee or an heir with no written documentation or court record that satisfies the requirements of RCW 82.45.197. The legislature further finds that real estate excise tax does not apply to transfers of real property by operation of law, but that the process for documenting such transfers should be clarified. It is the legislature's intent to clarify that state and local real estate excise taxes do not apply when a devisee or an heir files a lack of probate affidavit where no additional documentation exists to substantiate that the devisee or heir is legally entitled to the property as a result of a will or inheritance." [2016 c 174 s 1.]

**Tax preference performance statement and expiration—2016 c 174:** "RCW 82.32.805 and 82.32.808 do not apply to this act." [2016 c 174 s 3.]

**Uniformity of application and construction—Relation to electronic signatures in global and national commerce act—2014 c 58:** See RCW 64.80.903 and 64.80.904.

**RCW 82.45.210 State assistance for county electronic processing and reporting of taxes—Grant program.** (1) To the extent that funds are appropriated, the department shall administer a grant program for counties to assist in the development, implementation, and maintenance of an electronic processing and reporting system for real estate excise tax affidavits that is compatible with the automated real estate excise tax system developed by the department, and to assist in complying with the requirements of RCW 82.45.180(1).

(2) Subject to the limits in subsection (3) of this section, the amount of the grant shall be equal to the amount paid by a county to:

(a) Purchase computer hardware or software, or to repair or upgrade existing computer hardware or software, used for the electronic processing and reporting of real estate excise tax affidavits and that is compatible with the automated real estate excise tax system developed by the department; and

(b) Make changes to existing software that are necessary to comply with the requirements of RCW 82.45.180(1).

(3)(a) No county is eligible for grants under this section totaling more than one hundred thousand dollars.

(b) Grant funds shall not be awarded for expenditures made by a county with funds distributed to the county by the state treasurer under RCW 82.45.180(3)(b).

(4) No more than three million nine hundred thousand dollars in grants may be awarded under this section. [2012 c 198 s 7; 2006 c 312 s 2; 2005 c 480 s 4.]

**Effective date—2012 c 198:** See note following RCW 70A.15.5110.

**Effective date—2006 c 312:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect immediately [March 29, 2006]." [2006 c 312 s 4.]

**Severability—2006 c 312:** "If any provision of this act or its application to any person or circumstance is held invalid, the

remainder of the act or the application of the provision to other persons or circumstances is not affected." [2006 c 312 s 3.]

**Intent—Findings—2005 c 480:** "(1) It is the legislature's intent to provide funding for the development and implementation of an automated system for the electronic processing of the real estate excise tax. The legislature finds that due to the numerous users of the real estate excise tax information, and the many entities involved in its workflow, county systems must be compatible with the automated system developed by the state department of revenue.

(2) The legislature finds that under current law an electronic real estate excise tax affidavit that is signed with a digital signature under chapter 19.34 RCW is a legally valid document and, pursuant to RCW 5.46.010, electronic facsimiles, scanned signatures, and digital and other electronic conversions of written signatures satisfy the signature component of the affidavit requirement under this act." [2005 c 480 s 1.]

**Effective date—2005 c 480:** "This act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect July 1, 2005." [2005 c 480 s 6.]

**RCW 82.45.220 Failure to report transfer of controlling interest.** (1) An organization that fails to report to the secretary of state a transfer of an interest in the organization as required under RCW 43.07.390 and the transfer results in a sale as defined in RCW 82.45.010(2) is subject to the provisions of RCW 82.45.100 as well as the evasion penalty in RCW 82.32.090(7).

(2) Subsection (1) of this section also applies to the failure to report to the secretary of state the granting of an option to acquire an interest in the organization if the exercise of the option would result in a sale as defined in RCW 82.45.010(2). [2019 c 424 s 7; 2010 1st sp.s. c 23 s 212; 2005 c 326 s 3.]

**Automatic expiration date and tax preference performance statement exemption—Effective date—2019 c 424:** See notes following RCW 82.45.060.

**Effective date—2010 1st sp.s. c 23:** See note following RCW 82.32.655.

**Findings—Intent—2010 1st sp.s. c 23:** See notes following RCW 82.04.220.

**RCW 82.45.230 Accounts into which tax is deposited.** (1) Beginning January 1, 2020, and ending June 30, 2023, the amounts received for the tax imposed on each sale of real property under RCW 82.45.060 must be deposited as follows:

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

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

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

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

(2) Beginning July 1, 2023, and thereafter, the amounts received for the tax imposed on each sale of real property under RCW 82.45.060 must be deposited as follows:

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

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

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

(d) The remainder must be deposited into the education legacy trust account created in RCW 83.100.230. [2019 c 424 s 2.]

**Automatic expiration date and tax preference performance**

**statement exemption—Effective date—2019 c 424:** See notes following RCW 82.45.060.

**RCW 82.45.235 Tax treatment—Transactions structured to reduce or avoid tax.** The legislature recognizes that in adopting a graduated tax rate structure providing for increased tax rates for sales of highly valued property, while also exempting certain types of property from the increased tax rates, some taxpayers will attempt to avoid or reduce the tax imposed in this chapter by structuring transactions in a way that serves no meaningful purpose other than to reduce tax due under this chapter.

(1) (a) When necessary to deny the tax benefit that would otherwise accrue from engaging in one or more related transactions designed to avoid tax under this chapter, the department is authorized to disregard the form of the transaction or series of transactions and determine the proper tax treatment under this chapter based on the substance of the transaction or transactions. In exercising this authority, the department may consider the factors described in RCW 82.32.655(2) (a), (b), (c), and (f).

(b) The authority provided in this subsection includes, but is not limited to, treating multiple sales as a single sale as necessary to prevent the parties from reducing the tax liability under this chapter when it appears that the parties have engaged in a concerted plan intended from the outset to achieve a reduced effective tax rate than had the parties collapsed the separate sales into a single sale at the outset.

(2) The department is encouraged to provide guidance to the public concerning the department's implementation of this section, whether by rule or otherwise. [2019 c 424 s 5.]

**Automatic expiration date and tax preference performance**

**statement exemption—Effective date—2019 c 424:** See notes following RCW 82.45.060.

**RCW 82.45.240 Down payment assistance account. (Expires January 1, 2034.)** (1) The down payment assistance account is created in the custody of the state treasurer. Receipts from the real estate excise tax on sales of condominiums or townhouses to persons using a down payment assistance program offered by the Washington state housing finance commission must be deposited in the account, as provided in

subsection (2) of this section. Expenditures from the account may be used only for payment toward a person's down payment assistance loan that was used to purchase a condominium or townhouse for which the tax was collected. Only the director of the department of commerce or the director's designee may authorize expenditures from the account. The account is subject to allotment procedures under chapter 43.88 RCW, but an appropriation is not required for expenditures.

(2) (a) Beginning June 15, 2024, and each June 15th thereafter, the department must notify the economic and revenue forecast council of the total amount received under RCW 82.45.060 from sales of condominiums or townhouses to persons using a down payment assistance program offered by the Washington state housing finance commission during the prior calendar year.

(b) Beginning in fiscal year 2025, and each fiscal year thereafter, the legislature must appropriate from the general fund to this account the lesser of (i) the amount received under RCW 82.45.060 on sales of condominiums or townhouses to persons using a down payment assistance program offered by the Washington state housing finance commission during the prior calendar year, as determined under (a) of this subsection, or (ii) \$250,000 per fiscal year.

(c) On or before March 1, 2024, and each March 1st thereafter, the Washington state housing finance commission must provide the department with the following information for each sale of a condominium or townhouse to a person using a down payment assistance program offered by the Washington state housing finance commission that occurred during the prior calendar year:

(i) The real estate excise tax affidavit number associated with the sale;

(ii) The date of sale;

(iii) The parcel number of the property sold;

(iv) The street address of the property sold;

(v) The county in which the property sold is located;

(vi) The full legal name of the seller, or sellers, as shown on the real estate excise tax affidavit;

(vii) The full legal name of the buyer, or buyers, as shown on the real estate excise tax affidavit; and

(viii) Any additional information the department may require to verify the property sold is a condominium or townhouse sold to persons using a down payment assistance program offered by the Washington state housing finance commission.

(d) For the purposes of this subsection, "townhouse" means dwelling units constructed in a row of two or more attached units where each dwelling unit shares at least one common wall with an adjacent unit and is accessed by a separate outdoor entrance.

(3) This section expires January 1, 2034. [2024 c 168 s 1; 2023 c 337 s 9.]

**Effective date—2024 c 168:** "Except for sections 4 through 13 of this act, this act is necessary for the immediate preservation of the public peace, health, or safety, or support of the state government and its existing public institutions, and takes effect June 1, 2024." [2024 c 168 s 16.]

**Effective date—2023 c 337 s 9:** "Section 9 of this act takes effect January 1, 2024." [2023 c 337 s 14.]

RCW 82.45.900 Chapter 82.46 RCW ordinances in effect on July 1, 1993—Application under chapter 82.45 RCW. See RCW 82.46.900.