



WASHINGTON REALTORS®

2017-2018

STATE LEGISLATURE

LEGISLATIVE REPORT

CONSUMER & BUSINESS

SB 5125

Defining Real Estate Brokers as Independent Contractors *(Braun, Conway)*

✓ **SUPPORT – PASSED 2017**

This bill amends RCW Chapter 18.85, the real estate license law, to provide a statutory definition of “independent contractor” for real estate brokers. By creating a definition in statute, the status of brokers as independent contractors now has considerable legal certainty, in contrast with other industries whose status has been determined by courts. This issue was a high priority for REALTORS®, real estate firms, and real estate attorneys throughout the state.

SB 6462

Providing Seller Disclosure Form Notice of Oil Tank Program *(Angel, Mullet)*

✓ **SUPPORT – PASSED 2018**

This bill provides a new notice in the Seller Disclosure Form (Form 17) regarding the state’s oil tank insurance program offered by the Pollution Liability Insurance Agency. At the request of REALTORS®, the effective date of the bill was delayed until 2020 so that pending transactions with completed disclosure forms are not impacted.

HB 1622

Reforming the State Building Code Council *(Senn, Springer)*

✓ **SUPPORT – PASSED 2018**

This bill makes a number of changes in the State Building Code Council process, including requiring the Council to adopt a new process for how statewide building code proposals will be proposed and adopted, how local amendments may occur, and preventing conflicts-of-interest by Council members. The bill also increases residential building permit fees by \$2, and commercial fees by \$25.

HB 2410

Providing Seller Disclosure Form Notice of Forest Lands *(Reeves)*

✓ **SUPPORT – FAILED 2018**

This bill provides a new notice in the Seller Disclosure Form (Form 17) regarding the proximity of property to industrial forest lands, similar to the existing proximity to farming language.

SB 5428

Condominium Construction Liability Reforms *(Padden, Rossi)*

✓ SUPPORT – FAILED 2017

HB 2831

Condominium Construction Liability Reforms *(Senn, Vick)*

✓ SUPPORT – FAILED 2018



HB 2475

Condominium Construction Liability Reforms *(Ryu)*

✗ OPPOSE – FAILED 2018

These three bills all sought to address condominium construction liability, warranty, and insurance availability and cost issues, all of which provide significant disincentives in the development of new condominiums. The bills included similar issues, but differing approaches on how to balance liability risks between developers, condominium owners, and owner associations. The condominium liability reform issue remains a priority legislative issue for REALTORS® and other housing advocates, and will have ongoing work in the 2018 interim.

HB 1570

Document Recording Fee Surcharge for Homelessness Funding *(Macri, Robinson)*

👁 MONITOR – PASSED 2018

This bill increased the document recording fee surcharge by \$22, so that the permanent surcharge amount dedicated to homelessness program funding is \$62. The bill also includes a number of reporting and audit requirements on the use of the funds. REALTORS® opposed some versions of the bill, including a proposed \$50 fee increase and an amendment that would have allowed city-specific recording fees, and but did not oppose the final version passed by the Legislature.

HB 2583 / SB 6400

Eliminating Prohibition on Local Rent Control *(Macri/Saldana)*

✗ OPPOSE – FAILED 2018

This bill would repeal the state law that preempts towns, cities, and counties from adopting local ordinances imposing rent controls for residential properties.

SB 6029

Creating a Student Loan Bill of Rights *(Lias, Ranker)*

✓ SUPPORT – PASSED 2018

Increasing student loan debt is now of the biggest obstacles to first-time homeownership. REALTORS® supported this bill that provides consumer protections to student loan borrowers in refinancing and paying for student loan debt, through a program with the Office of the Attorney General.

SB 5254**Improving the GMA Buildable Lands Process and Providing Funding for Low-Income Housing** *(Fain, Palumbo)***✓ SUPPORT – PASSED 2017**

The bill will create changes in the Growth Management Act Buildable Lands Report process to evaluate the availability of buildable lands for future growth. REALTORS® led a coalition of development interests that ultimately got support from local government and low-income housing advocates obtain changes in the methodology for the assessing buildable lands, including ensuring reasonable housing market factors, availability of infrastructure, and consideration of environmental constraints. The bill will be implemented in the next round of Buildable Lands Reports, and the 2017-18 Legislature appropriated nearly \$2 million to implement the legislation.

SB 6091**Providing Water Supply for Rural Development – “Hirst Fix”** *(Van De Wege, Rolfes)***✓ SUPPORT – PASSED 2018**

This bill reversed the State Supreme Court’s Hirst water supply/Growth Management Act decision by clarifying that the GMA does not impose additional planning requirements on cities and counties, and by providing specific amounts of water for new domestic wells in counties impacted by the Hirst decision. The bill also includes legislative intent to dedicate \$20 million/year to protect and restore instream flow, through locally-driven processes. SB 6091 evolved from the initial Hirst bill, SB 5239, sponsored by Sen. Warnick, which passed the State Senate four times in 2017.

SB 5674**Modifying the Subdivision Approval Process** *(Palumbo, Fain)***✓ SUPPORT – PASSED 2017**

This bill allows local governments to approve final plat approvals through an established planning

SB 5674 – CONTINUED

commission, local government department or agency, or other administrative process, rather than requiring approval of the legislative body. The bill was a priority issue for homebuilder associations to streamline the local development process.

HB 1503*(Short, Taylor)***✓ SUPPORT – PASSED 2018**

This bill amends both the Growth Management Act and the state septic statute to explicitly authorize self-inspection of on-site septic systems.

HB 2420**Modifying Rules for On-Site Septic Repair and Monitoring** *(Hargrove, Sullivan)***✓ SUPPORT – FAILED 2018**

This bill requires the Department of Health to modify rules regarding on-site septic systems to reduce costs for maintenance and operations, improve coordination with local health jurisdictions who implement local programs, and address property owner concerns on agency enforcement and access to private property.

SB 5212**Reforming State Vesting Laws** *(Wilson, Angel)***✓ SUPPORT – FAILED 2018**

This bill amends the statutes on subdivision approval and building permits to provide vesting protection for both environmental and development regulations, including ordinances relating to new stormwater regulations.

HB 2186

Increasing B&O Tax and Real Estate Excise Tax, Establishing State Capital Gains Income Tax *(Lytton, Jenkins)*

OPPOSE – FAILED 2017

This major tax bill included numerous tax increases, including three major tax proposals impacts real estate. The state business and occupation (“B&O”) tax rate for certain industries, including real estate brokerages, would be subject to a 20% increase. The bill also would have created a 7% state capital gains income tax on gains from certain assets, including some real estate sales. Finally, state Real Estate Excise Tax collections would have been increased by about \$800 million per biennium, by changes in the REET rate that would be lower on certain properties, but much higher on other sales.

HB 2967

Establishing A State Capital Gains Income Tax to Fund Property Tax Relief *(Lytton, Dolan)*

OPPOSE – FAILED 2018

This bill would have created a 7% Capital Gains income tax on gains from capital assets including real estate other than single-family, duplexes, and triplexes. Tax revenues would be used in part to provide property tax relief to offset increases adopted by the Legislature in 2017. Ultimately, the Legislature provided property tax relief without tax increases by relying on increased revenues and funds otherwise destined for the state’s “Rainy Day” account.

HB 2242

McCleary Education Decision Funding Through Property Tax *(Sullivan, Harris)*

MONITOR – PASSED 2017

This bill provided the foundation for addressing the State Supreme Court’s McCleary education

HB 2242 – CONTINUED

funding decision, which ruled that the Legislature was not meeting its constitutional duty to adequately fund basic education. To address overall funding needs and disparities among school districts, the 2017 Legislature adopted changes to increase the state property tax and lower local education maintenance and operations (“M&O”) levies. Because the reduction in lower levies would not occur until 2019 (one year later the increase in the state rate), the 2018 Legislature provided funding for state property tax rebates to address the impacts of the tax increase for certain property owners.

SB 6490 / HB 2933

Removing the Voter Approval Requirement to Add Local REET 2 *(Takko/Peterson)*

OPPOSE – FAILED 2018

This bill would have eliminated the voter approval requirement that is necessary before a jurisdictions that opted-into the Growth Management Act can add an additional .25% Real Estate Excise Tax to real estate transfers (Local REET 2).

HB 2940

Modifying State B&O Tax and Imposing a B&O Surcharge *(Lytton/Chapman)*

MONITOR – FAILED 2018

This bill would have made substantial changes to the state’s business & occupation (“B&O”) tax structure, by eliminating the small business B&O tax credit, exempting businesses with gross revenue under \$250,000 from B&O tax, maintaining existing tax rates for certain businesses, and imposing a 6% B&O tax surcharge on businesses with a margin over \$1 million.