



Session Ends With Big Wins for REALTORS®

The 2019 Legislative Session ended last night and Washington REALTORS® had some big wins. We got REALTORS® exempted from a 20% B&O tax increase, killed an effort to undermine "in-house" transactions and passed much of our "Unlock the Door" campaign's affordable housing agenda, including condo liability reform. Read below for more details...

Session Update

The 2019 session adjourned for the year (Sine Die) on Sunday April 28 at 11:59PM. The 2018 election results meant big changes in the Legislature. About 20% of the legislature was brand new in 2019, and both chambers had relatively comfortable Democratic majorities. Washington REALTORS® was able to work with both parties to protect the real estate industry and also proactively address our state's affordable housing crisis. We ended a successful 2019 Session by (1) protecting our members, (2) protecting their clients, (3) protecting real estate transactions and (4) providing opportunities to increase both commercial and residential real estate transactions.

We accomplished this by making housing the #1 priority in the Session with our "Unlock the Door to Affordable Housing" campaign. With the support of our members, our coalition partners and the most influential PAC in the state, REALTORS® took the first steps toward increasing housing supply and making housing more affordable in every price range.

"Washington REALTORS®' success in this Legislative Session surpassed all expectations. Our excellent "Unlock the Door" campaign was the reason our housing priorities passed, including condo liability legislation. Our leadership and staff saved our members thousands of dollars in B&O tax and helped protect us from other major tax increases as well."

-- Bill Riley

Gateway Real Estate



Protecting Our Members

Our trade association's primary purpose is to protect our members. With that in mind, we were successful in fighting off a direct tax increase on your bottom line. Although the Legislature passed a 20% B&O tax increase that hit most service businesses, REALTORS® were not included. We reminded the Legislature that the B&O Small Business Tax Credit does not apply to REALTORS® because commissions are pooled, and they agreed that exempting REALTORS® was both fair and a reasonable policy decision.

Additionally, we protected the foundation of the industry's business model. When a bill was introduced that would have changed many independent contractors to employees, we made sure REALTORS® were exempted.

"Washington REALTORS® continues to protect our members in their practice of real estate. This year they heard our call and went to work to expand and provide more opportunities for first-time homeowners. Thanks to assiduous work by our leadership this session, our clients will have more options to choose from. That helps our clients, our communities and our business."

-- Georgia Stevens

Compass Washington

Protecting Your Clients

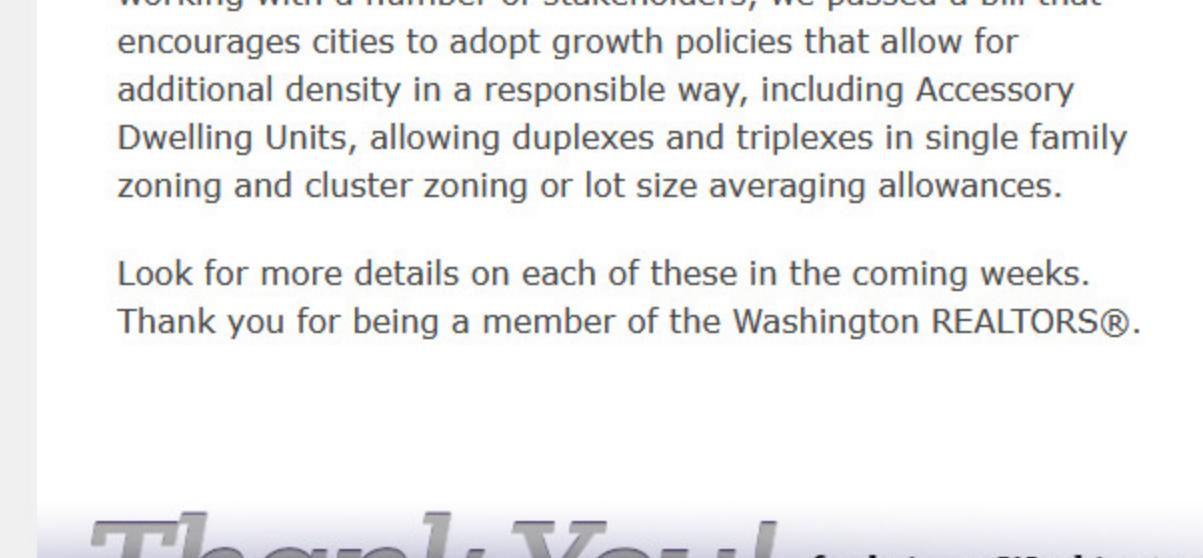
From the first days of the Legislative Session, we knew that the Legislature was committed to a Tiered Real Estate Excise Tax, based on the idea that higher priced properties would pay more in REET. Although we did not support this proposal, the Legislature listened to us when we spoke and made significant changes, with the result that approximately 90% of transactions will pay the same or less Real Estate Excise Tax. All Transactions up to \$500,000 will get approximately a 15% cut in REET. In fact, due to the marginal nature of the new tiered tax (a REALTOR® suggestion), all transactions up to about \$1.75M should not be impacted. While this tax impacts commercial real estate and multifamily, it is hoped that the marginal nature of the tax structure will limit that impact. These new rates will not take effect until January 1, 2020.

NEW REET RATES

All rates are marginal rates and take effect January 1, 2020.

Current State REET is 1.28%

Transaction Amount	Rate
Up to \$500,000	1.10%
\$500,000 - \$1.5 M	1.28%
\$1.5 M - \$3.0 M	2.75%
\$3.0 M and Above	3.00%



Protecting the Transaction

Very early in the session, a bill was introduced in both the House and Senate to require all parties in an "in-house" transaction to have an attorney sign off at every step in the transaction. Obviously, this bill would make real estate more expensive for consumers and greatly impede transactions. Washington REALTORS® jumped in and made sure this proposal did not even make it out of Committee in either the House or the Senate.

Increasing Transactions

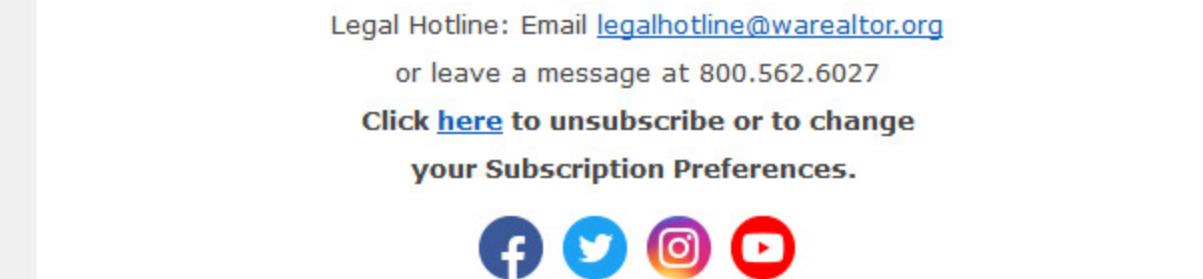
"Condominium liability reform is a huge win for our communities and members. Condominiums are a critical element of homeownership supply, especially near job centers, and we are thrilled that the Legislature and the Governor are taking real steps to increase the supply of condos all over the state."

-- J. Lennox Scott

CEO, John L. Scott Real Estate

Thanks to great work from our Washington REALTORS® Condominium Work Group and some passionate members across the state, Washington REALTORS® was able to help pass condominium liability reform that continues to protect the consumer but adds a fairer standard that should encourage developers to start building condominiums again. After looking at the more balanced bill, one developer told us that once developers got comfortable with the new regulations, we should expect a "mini condo boom" in Washington. Additionally, while working with a number of stakeholders, we passed a bill that encourages cities to adopt growth policies that allow for additional density in a responsible way, including Accessory Dwelling Units, allowing duplexes and triplexes in single family zoning and cluster zoning or lot size averaging allowances.

Look for more details on each of these in the coming weeks. Thank you for being a member of the Washington REALTORS®.



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