

LAWMAKER REVIEW



BUILDING INDUSTRY
ASSOCIATION OF WASHINGTON
CHAMPIONS OF AFFORDABLE HOUSING



GOVERNOR'S PROPOSED TAX INCREASES

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Now that Governor Jay Inslee is looking more and more like a presidential candidate, there is something he won't be talking about in Iowa or New Hampshire: his proposed tax increases.

During the first week of session, lawmakers held public hearings on all three of Inslee's tax proposals:

REET Restructuring

Restructuring and increasing the state's Real Estate Excise Tax (REET) (currently set at 1.28 percent) – a plan directed squarely at real estate development—makes attainable housing all the more difficult. Inslee's proposed REET tax increase:

- Properties valued below \$750,000: 0.75 percent tax
- \$750,000–\$1 million: 1.28 percent tax
- \$1 million–\$5 million: 2 percent tax
- More than \$5 million: 2.5 percent tax

Establishing a New Capital Gains Income Tax of 9 Percent

With some very limited exemptions, the proposed capital gains tax mirrors the federal law. Placed on top of the REET tax proposal, homeownership becomes a dream rather than a reality.

Increasing the B&O Tax Rate on Professional Services from 1.5 Percent to 2.5 Percent

This rate increase would apply to many construction-related businesses including architects, landscape designers and services and interior designers. Of course, increased costs of these services increase the cost of housing.