



# Washington Self-Storage Association

2021 Legislative Priorities

TUESDAY, MARCH 16, 2021

## SUPPORT

### 1. HB 1189/SB 5211 – Tax Increment Financing

- Authorizes local governments to designate tax increment financing areas and to use increased local property tax collections to fund public improvements
- A local government designating a TIF area may issue general obligation bonds to finance the public improvements. Any increase in assessed value within an area is included in the add-ons for purposes of the 1% revenue growth limit calculation.
- Each taxing district shall receive that portion of its regular property taxes produced by the rate of tax levied by the taxing district on the tax allocation base value for that TIF project in the taxing district.

**Sponsors:** *Senators Frockt, Mullet, Conway, Kuderer, Rolfes; Representatives: Duerr, Boehnke, Bateman, Sullivan, Fitzgibbon, Walen, Ramel, Springer, Wicks, Slatter, Pollet, Callan, Harris-Talley*

**STATUS HB:** Senate Business, Financial Services & Trade Committee

**STATUS SB:** Senate Rules Committee (Not Likely to Move)

### 2. HB 1332/SB 5402 – Property Tax Deferral

- Suspends interest and penalties on property tax payments during the Coronavirus Disease 2019 (COVID-19) state of emergency and for 12 months thereafter.
- Directs that county treasurers to grant a deferral of property tax payments normally due in April 2021.
- Establishes the COVID-19 Property Tax Deferral Loan Account.
- Allows cities and counties to apply for loans from the COVID-19 Property Tax Deferral Loan Account.

**Sponsors:** *Senators Mullet, Kuderer; Representatives: Sullivan, Ramel, Leavitt, Dufault, Hackney, Wylie, Santos, Ortiz-Self, Ormsby, Rule, Stokesbary, Callan, Pollet, Macri*

**STATUS HB:** Senate Ways & Means Committee

[Hearing – Tuesday, March 16 at 4:00 p.m.](#)

**STATUS SB:** Senate Ways & Means Committee (Not Likely to Move)

## **OPPOSED**

### **1. HB 1496/SB 5096 – Capital Gains**

- Imposes a 7% Capital Gains Tax (CGT) beginning January 1, 2022 on the sale or other voluntary exchange of long-term capital assets by individuals.
- The first \$250,000 of capital gains are excluded from the state CGT.
- All taxpayers must file with the state Department of Revenue (DOR), but a person with no tax liability is not required to file a tax return.
- A deduction for the sale of a qualified family-owned small business (under \$10M in annual revenue) where the owner has materially participated for 5 of the past 8 years.
- Real Estate is partially exempt, but more changes are being worked with Leadership.
- Sen. Hobbs Amendment guarantees that Capital Gains Tax will go on the ballot as a Referendum of the people.

**Sponsors:** *Representatives Senn, Walen, Davis, Johnson, J., Ramel, Bergquist, Macri, Gregerson, Simmons, Sells, Peterson, Bateman, Berry, Lekanoff, Frame, Fitzgibbon, Duerr, Hackney, Slatter, Kirby, Thai, Chopp, Valdez, Riccelli, Pollet, Ormsby, Harris-Talley, Stonier; Senators Robinson, Hunt, Nguyen, Wilson, C.*

**STATUS HB:** House Finance Committee

**STATUS SB:** House Finance Committee

### **2. HB 1494/HJR 4204 – Split Roll Property Tax & Constitutional Amendment**

- Creates Split roll property tax by giving exemption for primary residence that must be recouped by property taxes from other properties.
- Created tax exemption for principal residences up to \$250,000 of assessed value.
- The Washington Constitution requires all taxes to be applied uniformly on property within each taxing district. The Constitution also limits regular property tax levies to a maximum of 1% of a property's assessed value.
- HJR 4204 – Creates a Constitutional Amendment to get around the “Uniformity Clause” in the WA Constitution.

**Sponsors:** *HB 1494 – Harris-Talley, Berg, Davis, Wicks, Peterson, Ortiz-Self, Orwall, Gregerson, Chapman, Ramel, Simmons, Berry, Lekanoff, Frame, Hackney, Slatter, Duerr, Kirby, Thai, Valdez, Ormsby, Morgan; HJR 4204 – Harris-Talley, Berg, Wicks, Peterson, Ortiz-Self, Simmons, Gregerson, Chapman, Berry, Frame, Thai, Pollet, Ormsby, Davis, Ramel*

**STATUS HB:** House Finance Committee

### **3. SB 5139 – Rent Control**

- Establishes Rent Control in WA State
- Prohibits a housing provider from increasing rent or other charges for the first 6 months after the end of the Governor’s emergency eviction ban under 59.18.
- After the first 6 months expire, housing providers are then limited to only increasing rent by 3% over the previous year’s consumer price index, for a subsequent six months, based on the rental rate as it was on March 1, 2020. Revises landlord and tenant provisions regarding the protection of certain residential tenants to include:

**Sponsors:** *Senators Das, Lovelett, Darneille, Hunt, Liias, Nguyen, Wilson, C.*

**STATUS:** **DEAD** – Senate Housing & Local Government Committee

## Capital Gains Tax Bill Language Info:

### Current Real Estate Language in Capital Gains Tax Bill – ESSB 5096

#### Page 3 – Sec. 102 – Definitions

(9) "Real estate" has the same meaning as in RCW 82.45.032, except that real estate does not include an individual's ownership interest or beneficial interest in an entity which itself owns an interest in real property located in this state for the purposes of this chapter.

#### Page 5 – Sec. 104 – This chapter does not apply to the sale or exchange of:

(1) All real estate;

(2) A controlling interest in an entity only to the extent that any long-term capital gain or loss from such sale or exchange is directly attributable to the entity's interest in real property and the sale or exchange was subject to tax under chapter 82.45 RCW. The department is not bound by the parties' agreement as to the allocation of consideration or fair market value, if such allocation or fair market value does not reflect the fair market value of the real property. For purposes of this subsection (2), "controlling interest" has the same meaning as in RCW 82.45.033;

### Requested Fix for Real Estate in Capital Gains Tax Bill – ESSB 5096

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