

# LEGISLATIVE ADVOCACY SUCCESSIONS

January - August 2011

KING COUNTY ADMINISTRATIVE CENTER



Provided by the SEATTLE *KingCounty* REALTORS®  
Governmental Affairs Department on behalf of the  
members of the SEATTLE *KingCounty* REALTORS®  
and Northwest Multiple Listing Service.



**SEATTLE** *KingCounty*  
**REALTORS®**

## SKCR HELPS REDUCE SCHOOL IMPACT FEES IN KIRKLAND'S ANNEXATION AREA

SKCR, along with the Master Builders Association and Kirkland Chamber of Commerce, worked with the City of Kirkland and the Lake Washington School District to craft a compromise solution on impact fees the district requested that the city collect.

The compromise includes the three key deal points:

1. Fees will be phased in over three years
  - Year 1 will be 50% of the authorized rate (currently \$6,250)
  - Year 2 will be 80% of the authorized rate
  - Year 3 will be 100% of the authorized rate
2. Fee collection will be delayed until June 1, 2011 (date of annexation)
3. Fees may be deferred until closing to reduce carrying costs ( a 2-3x savings)

### *Background:*

Lake Washington School District lies within the jurisdictions of Kirkland, Redmond, Sammamish and unincorporated King County. All except Kirkland collect school impact fees.

Although Kirkland has not authorized collection of school impact fees, the District has utilized the SEPA process to negotiate impact fee payment for larger developments. The City has provided the District with notices of new developments that are subject to SEPA. The District has appealed City issued Determinations of Nonsignificance on the grounds that the developments will have

significant school impacts. The appeals have typically been settled between the District and developer prior to an appeal hearing.

Kirkland annexed Finn Hill, Kingsgate and North Juanita (previously unincorporated King County). If Kirkland were not to authorize school impact fees, the School District would lose impact fee revenue currently collected by the County.

Based on the District's current Capital Facilities Plan, the impact fees requested are \$6,250 for single family units and \$1,732 for multifamily units.

## AUBURN ADOPTS NEW SALES TAX REFUND ON CONSTRUCTION MATERIALS

At the urging of SKCR, the City of Auburn has adopted a program to encourage new construction projects in the city, and to position the city as a destination of choice for equity investors and lenders.

Construction materials are subject to a sales tax of approximately 10%, and the city receives about eight tenths of one percent (0.008) of that amount if the materials are purchased in the city, or (under the new streamlined sales tax law) if they are delivered to a location in the city by the materials seller.

As originally conceived by the REALTORS®, the program would have provided offsets to impact fees and other city exactions in relation to sales tax paid by builders on materials used in construction projects. The City had concerns about the legality of offsets or credits, so instead adopted an ordinance that provides a cash refund to the builders.

To qualify the materials must have been used on new construction or large commercial remodel projects in specified

zoning districts where the city is seeking to encourage new construction activity. The city is confident the program will more than pay for itself via (1) additional property tax ‘bump’ revenues in the year of construction, and (2) sales tax generated by the economic activity associated with the properties following construction.

The genesis of the REALTORS® proposal was based on the fact that nearly 50% of the cost of new residential construction is for materials that are subject to sales tax paid by builders. (If the builders did not pay that sales tax, the cost of those materials would be subject to sales tax paid by the home buyer at the time the new construction is first sold.)

In addition, there is no real opportunity cost to the city because the projects are not currently being built, and there is no refund unless the project becomes an on-the-ground reality.

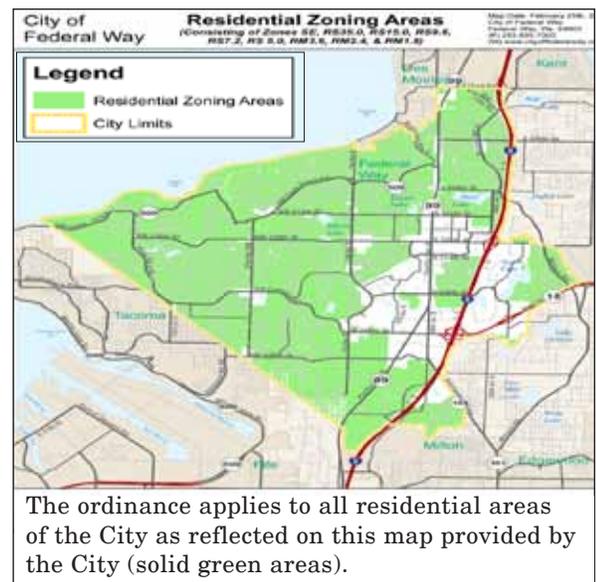
## FEDERAL WAY: CITY COUNCIL ADOPTS SIGN CODE AMENDMENT TO ALLOW OPEN HOUSE SIGNS IN STREET SIDE PLANTER STRIPS

In response to a September 2010 formal request from SEATTLE KingCounty REALTORS®, the Federal Way City Council this month adopted an ordinance amending the city sign code to temporarily eliminate an existing prohibition on the use of Open House Signs on *street side planter strips* in the right-of-way. The Council took the action in order to help with home sales in the struggling real estate market.

In late December when the proposed ordinance was up for final adoption (after having been repeatedly reviewed by the Council’s Land Use Committee and having passed through 1<sup>st</sup> Reading of Ordinances), the administration, under the direction of the City’s newly elected Mayor, pulled the measure for additional work that was

anticipated to take just two weeks. That work continued with the involvement of the REALTORS® in an attempt to craft a solution that would meet the needs of the industry in a way that was also acceptable to the new administration.

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## (...continued) FEDERAL WAY: CITY COUNCIL ADOPTS SIGN CODE AMENDMENT TO ALLOW OPEN HOUSE SIGNS IN STREET SIDE PLANTER STRIPS

“The signs facilitate real estate transactions which provide an important source of funding for the City of Federal Way.”

The change was requested because of recurring problems created by section 19.140.060 (28) (g) of the Federal Way Revised Code (FWRC) for homeowners and REALTORS® who are attempting to market homes that are for sale in Federal Way. In many areas of the City the language in section (28)(g) operated as a continuing defacto ban on all safely-placed Open House Signs in the right-of-way.

Because of safety-related staff concerns (and technical code drafting considerations that could produce untended consequences involving other signage issues), the ordinance allows the signage in the right-of-way on *street side planter strips* as long as the signs are set not closer than 10-yards from the apex of the corner at intersections. This should still allow drivers plenty of time to see the signs before they need to turn in order to proceed to the home that the broker is holding open. The 10-yards is based on a *sight-distance triangle* and *traffic sight-distance safety considerations*. The “*street side planter strip*” where brokers will be able to place their Open House signs is not just the “grass strip.” It does NOT include the median or the sidewalk behind the curb, but it DOES include asphalt, concrete, dirt, etc. behind the curb. So, Brokers will be able to put out safely-placed signs in the right-of-way behind the curb (as long as the signs are not on the sidewalk) even if there is no grass in/on the area designated in the code as the *street side planter strip*.

In making its case to the City Council, the SEATTLE *KingCounty* REALTORS® noted that:

1. The signs are important for sellers who need to sell. The history of side-by-side comparisons in the Central Puget Sound region has demonstrated that jurisdictions that didn’t allow effective Open House signage had significantly longer marketing times than adjacent jurisdictions that allowed effective signage. That’s an important consideration, because often the reasons

a family needs to sell are urgent: loss of a job, a divorce, a new baby, a death in the family, a job transfer, etc.

2. The signs are also important for buyers who need to buy. As explained in the research that is discussed in *White Papers* the Association provided to the City, the signs are a critically important tool for buyers, and especially for First-Time Buyers. First-Time Buyers are especially important to the recovery of real estate and the economy because they do not have to sell a home before they can afford to purchase a home.
3. The signs facilitate real estate transactions which provide an important source of funding for the City of Federal Way, including sales tax and Real Estate Excise Tax, or REET. Research provided by the Washington REALTORS® indicates the statewide average tax receipts generated by a typical residential transaction are \$15,000. Of that amount, \$11,000 goes to the state, and the balance of about \$4,000 goes to the City.
4. In many areas of the City, there is simply no safe place to put up an Open House A-Board sign, except the street side planter strip in the right-of-way. As a result, despite the 2008 amendments to city code that allowed placement of signs in the right-of-way, the prohibition on use of the planter strip for safely-placed signs served as a defacto ban on Open House Signs in those areas of the City.
5. Real Estate signs are commercial speech that enjoys constitutional protection. The United States Supreme Court has said that the municipal right-of-way is a “*quintessential*” public forum for constitutionally protected speech. In recent years, both Washington and Federal appellate courts have been consistently strong in supporting and protecting such speech. City restraints on such speech are viewed with distrust by the courts. The courts have often

## (...continued) FEDERAL WAY: CITY COUNCIL ADOPTS SIGN CODE AMENDMENT TO ALLOW OPEN HOUSE SIGNS IN STREET SIDE PLANTER STRIPS

presumed restraints on protected speech to be unconstitutional absent the municipality meeting its sole and exclusive burden of proof to provide a factual showing (not city opinion, but a factual showing) that such restraints: (1) address a compelling public interest, (2) are actually effective in achieving that interest, *and* (3) go no further in imposing restrictions than is reasonably necessary to accomplish the objective that is actually achieved by the regulation. In evaluating the appropriateness and necessity of the City prohibiting safely-placed signs on planter strips, the courts could take note of the fact that such signs are widely allowed in other King County and Central Puget Sound jurisdictions.

6. The prohibition on safe-placement of the signs on planter strips creates a situation where homeowners and agents must either choose not to use the signage they need in order to get buyers to the home, or alternatively, to place the signage in areas that might be more problematic (such as on the shoulder between the curb and the fog line - if there is one - or on the sidewalk). For that reason, the better alternative is to allow safely-placed signs on the *street side planter strip*. It's in the agents' interest to ensure the signs are safely placed: The signs are expensive, and placing them where they are likely to fall or be hit is to invite agents incurring costs to replace the signs that agents cannot afford.

## ELECTRIC VEHICLE INFRASTRUCTURE NEW CONSTRUCTION VICTORY

REALTORS® were successful in efforts to encourage the Auburn city Council to show restraint in imposing new electrical vehicle infrastructure regulatory requirements on new residential construction. Under newly enacted provisions in state statute, local governments were required to update their codes regarding accommodating electric vehicle charging stations.

Some environmental advocates have suggested that new homes should be subject to a regulatory mandate that requires an electric car charging station in each new home to accommodate the demise of fossil fuel combustion engines. In opposing those efforts the REALTORS® were successful in arguing that vehicle manufacturing technology was far ahead of municipal regulatory approaches, and that the charging stations required by government would be obsolete before they were installed, but that any such requirement would add significant cost to new home construction.

In support of its argument, SKCR pointed out that less than 72 hours before the Auburn Council's first consideration of the issue, Toyota had previewed an electric car at an auto show that requires only a standard 110 volt outlet in the garage. As a result, the City Council satisfied the minimum standards in the new law that simply avoid regulatory prohibitions on charging stations property owners may want to voluntarily include in their properties.

“REALTORS® were successful in arguing that vehicle manufacturing technology was far ahead of municipal regulatory approaches.”

## AUBURN COUNCIL APPROVES FEE DEFERRAL ORDINANCE

At the request of the REALTORS® and Masterbuilders, the Auburn City Council has approved an ordinance that defers the collection of impact fees and other city charges until closing of the sale for newly constructed homes. The new ordinance is part of an effort by the City to address the new reality that lenders will not finance soft costs such as city impact fees, development charges and other municipal exactions. Absent a fee deferral, or additional builder equity, new housing projects are not likely to get built.

The City Council's action makes it possible for home builders to defer park impact fees, transportation impact fees, school impact fees, and city connection charges for water, sewer and stormwater. Like other recorded financial encumbrances on title, the fees must be paid at closing by the builder/seller in order to give the buyer clear title to the home.

The Kent School District expressed concerns about Auburn deferring school impact fees, and reportedly intimated that the District might consider legal action against the City. Under state law school districts can request school impact fees. However, the decision to approve school impact fees - and to set the amount of the fees, if any - resides exclusively with the city. As an alternative to impact fees, schools can still receive mitigation payments through the SEPA

process, but to do so they must participate in the review of development applications instead of relying on the cities to do that work for them.

A new report on school impact fees (including the Kent School District's Impact Fees), that was commissioned by the Masterbuilders and prepared by Washington State University in advance of Auburn's decision, revealed that some concerns expressed by various school districts were not well supported. For example:

- Some districts have argued that school impact fee funds are needed immediately to purchase portables. However, the study disclosed that instead of using the funds to meet immediate needs, some districts were instead just sitting on the impact funds and earning interest.
- Additional concerns that districts would not know how to plan for projected enrollments were addressed by city staffs' willingness to periodically advise the districts when new development applications for subdivisions or multi-family projects are received by the city's permitting officials.

The WSU study is available at: [http://www.masterbuildersinfo.com/library/docs/news/Press\\_Release/2011\\_0216ImpactFee%20ReportFinal.pdf](http://www.masterbuildersinfo.com/library/docs/news/Press_Release/2011_0216ImpactFee%20ReportFinal.pdf)

## BURIEN: CITY COUNCIL TELLS ECOLOGY NO

The Burien City Council has rejected requests from the Department of Ecology that the City modify its Shoreline Master Program to conform to recommendations made by the Planning Commission that would have resulted in larger buffers and other new regulations affecting the City's marine shorelines.

The Association of REALTORS® requested and supported the City Council action to reject the Department of Ecology's position based on the following three factors:

1. The record upon which the Planning Commission based its recommendation did not include the wealth of additional information, additional testimony, additional data and additional analysis that was submitted to, carefully considered by, and persuasive for, the Burien City Council. As a result, the recommendation approved by the Planning Commission and preferred by DOE is substantively - and fatally - flawed.

A partial list of the kinds of information, testimony, data and analysis not considered by the Planning Commission, but which were submitted to, and carefully considered by, the Burien City Council include (but are not limited to) the following:

- The testimony of experienced scuba divers with personal, detailed, first-hand knowledge of the underwater condition of Burien's marine shoreline, how that condition has continued to improve over time, and favorably comparing and contrasting Burien's underwater marine shoreline to other Puget Sound marine shorelines known to the diver.
- Testimony regarding other first-hand observations concerning the continual improvement in Burien's marine shorelines, together with testimony from a variety of witnesses regarding the improving habitat conditions, and the increasing populations of wildlife, in the near-shore areas.
- The results of a physical survey of existing marine shoreline setbacks.

This analysis was submitted to the City Council on or about May 3<sup>rd</sup>, 2010, well after the Planning Commission had finalized and approved its recommendation on March 30<sup>th</sup>.

□ On or about June 7<sup>th</sup> Carl Hadley of Cedarock Consultants, Inc. provided the City Council with a scientific environmental analysis and report he had prepared entitled, "*The Use of Science to Develop Marine Buffer Recommendations in Burien.*"

□ On or about July 19<sup>th</sup> the BMHA provided the City Council with a 14-page document outlining new significant and broad data regarding development conditions in Burien's marine areas. The memo itself was constrained to just 14 pages out of respect for the enormous challenge the City Council appeared to be confronting as a result of the volume of new information and data the Council was receiving in response to the fatally-flawed draft that was delivered to the City Council by the Planning Commission.

□ A *White Paper* on the State's Shoreline Management Act and how municipalities should - and should not - act to ensure their Shoreline Master Program is consistent with state law. The White Paper was submitted on behalf of the SEATTLE KingCounty REALTORS®, with assistance from the Washington REALTORS®.

□ Detailed written comments the REALTORS® submitted to the City Council in the form of a 12-page letter dated July 23, 2010, which addressed:

- The inadequacy of the inventory data on which the draft approved by the Planning Commission was based
- The lack of data indicating or demonstrating a continuing degradation to shoreline functions below current conditions in Burien

(continued...)

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## (...CONTINUED) BURIEN: CITY COUNCIL TELLS ECOLOGY NO

“ REALTORS® advised councilmembers that City Council’s efforts to remain true to its decision - a decision that is well reasoned and amply justified - is worthy of support at every level of forthcoming review.”

- The fact that unsupported proposals for new prophylactic regulations on Burien’s existing *statutorily preferred shoreline uses* (such as existing single family homes) would likely violate state law
  - The fact that the recommendation the City Council received from the Planning Commission proposed *statutorily impermissible treatment of bulkheads and other appurtenances that are serving existing single family homes*
  - The untenable proposal in the draft for new *buffers and vegetative buffers* that were not justified in the absence of some showing of continuing degradation of shoreline functions below current levels
  - The problematic proposal in the draft to unilaterally convert existing transportation easements to other purposes for public access to shorelines, and
  - The importance under state law of non-regulatory approaches to enhancing shoreline ecological functions.
2. During the City Council’s very extensive Public Process, representatives from the Department of Ecology were consistently and repeatedly unable to satisfactorily address well-informed and very pointed questions about the Department’s views and assertions regarding Burien’s Shoreline Master Program (SMP) update when members of the City Council and the public “drilled-down” to get answers.
  3. The Department of Ecology has an important role in the SMP process because an update adopted by a city typically does not become effective until approved by DOE.

Even so, the Department of Ecology is unlikely to have the last word on Burien’s SMP Update, because if the Department stands firm, an appeal to the Hearings Board, and eventually the State Supreme Court, seems highly likely at this juncture. The REALTORS® Legal Affairs program has already been alerted to the possibility of an appeal in anticipation

of the possibility that the Association of REALTORS® might participate in any appeal (amicus) as a “*Friend of the Court.*” As a result, the REALTORS® advised councilmembers that City Council’s efforts to remain true to its decision - a decision that is well reasoned and amply justified - is worthy of support at every level of forthcoming review.

This success is an important action that helps to protect an earlier REALTOR® victory in Burien in late 2010 when the REALTORS® and homeowners won a series of major victories involving significant modifications to a proposed re-write of the City’s Shorelines Master Program. In siding with the REALTORS® and the owners of residential properties on Puget Sound and Lake Burien, the City Council:

- Rejected a proposal for a new 50’ marine shoreline buffer
- Agreed to keep the City’s existing 20’ buffer
- Rejected a proposal for an additional 15’ setback from the marine buffer
- Rejected a proposed requirement for a marine riparian buffer behind bulkheads, including low-impact development features, and
- Eliminated provisions in the proposal that would have made more than 900 homes in the City “non-conforming” uses

Councilmembers acknowledged the importance of private property rights (which the State’s Shorelines Act requires be respected) and the fact that single family residences are a “preferred” shoreline use under Washington state law. In addition, Councilmembers expressed concern that the regulations as proposed and forwarded to the Council for consideration would not accomplish the objectives identified by staff and proponents because of (1) the built-out nature of the shorelines, and (2) the fact that the major source of shoreline pollution was not generated on the shorelines, but instead originated with upland stormwater runoff.

## KENT: CONTROVERSIAL TRANSPORTATION IMPACT FEE PROGRAM REVISED BY CITY COUNCIL

In response to concerns expressed by the Chamber of Commerce and the REALTORS® that the city of Kent's Transportation Impact Fee program was too costly and unfair, the City Council has passed an ordinance modifying the program.

REALTORS® supported modifications to the transportation impact fee program because of concerns voiced by commercial brokers that perceptions about the impact fee program were hurting the City's ability to attract new jobs that would help with economic recovery and strengthen Kent's housing market.

To address the concerns identified by the REALTORS® and the Chamber of Commerce, the city staff recommended the Council address issues related to imposition of impact fees, especially in connection with *Changes of Use, Vested Projects* and *Empty Buildings*. The city staff also recommended the City Council examine issues related to *Credits for Prior Payments, Differential Rates for Downtown Development, Daycare Facilities* and *Suspension of Annual Increases*. If left unchanged, the automatic annual increases (which the Council approved at the time the impact fee program was originally adopted) would have resulted in dramatically higher fees by 2016.

In making the case to the City Council, REALTORS® and the Chamber focused on:

- Actual examples of how the fee was turning businesses away from Kent
- How the fee was resulting in Kent being viewed by commercial real estate brokers as a less-than-desirable *high-cost choice* for businesses making businesses relocation decisions
- The fact that the fee included automatic increases through 2016 that would have resulted in Traffic Impact Fee exactions of \$13,614 per peak hour vehicle trip when fully implemented, and
- The City's failure to establish appropriate funding priorities for the City's Transportation Improvement Plan.

The City's Transportation Impact Fee for new single family residences is \$3,702. Hotels pay \$2,472 per room, theaters must pay \$144 per seat, and other business pay a fee based on gross floor area.

## CITY OF BELLEVUE EXTENDS PERMIT ONE YEAR

Recognizing continued economic challenges, the Bellevue City Council approved legislation extending building permits one year, effective July 5, 2011. Both complete

and issued building permits as well as clearing and grading permits are included in the one year extension.

## LAKE WASHINGTON SCHOOL DISTRICT LEVY PASSES

The SKCR-supported Lake Washington School District levy was passed with 60.75%, well over the required 50% plus one. The vote authorizes a six year levy measure totaling \$65.4 million. Funds will

relieve district overcrowding by funding the construction of additions to Redmond and Eastlake High Schools, and a new small secondary school that will emphasize science, technology, engineering and math.

## COVINGTON SIGN CODE



In July the city of Covington expressed concern to SKCR about the large and growing number of mostly real estate new construction-related sign code violations occurring in the city, primarily on weekends. SKCR met with city staff to review the matter and assist the city. The results were positive, and the industry avoided the potential for the situation to result in more restrictive sign regulations on REALTOR® Open house signs. In an e-mail discussing the

matter city staff wrote to SKCR that, *“We did another weekend sign enforcement this last Saturday and our violations have diminished. The big subdivision developers have reduced dramatically. The individual realtor open house signs that were in violation are almost non-existent. I think they found only one in a roundabout. Most of the violations are individual garage sale signs tacked to light poles, utility poles or in roundabouts. So, we may have the most serious problems under control a bit”*

## MERCER ISLAND SHORELINE MASTER PLAN

The City of Mercer Island took an important first step in protecting waterfront property rights. State law mandates that cities and counties update regulations governing shorelines. The Washington State Department of Ecology (DOE) must approve all plans and has been pressuring cities to adopt plans that severely restrict human access and use of the shore and water. REALTORS® seek to ensure that traditional and reasonable residential uses within the shoreline zone are allowed to continue. We seek a balance of environmental protection and a personal right of the homeowner to peacefully enjoy their property.

With SKCR’s encouragement, the City Council agreed to a balanced plan that would enable:

- repair and replacement of overwater structures (including docks) within a set of specific conditions to ensure continued, safe, water access and enjoyment.

- bulkheads and other reasonable stabilization to keep erosion in check; and
- reasonable vegetation requirements to balance near habitat with human access to the water.

Mercer Island’s plan will be submitted to DOE this fall. DOE may seek revisions to the plan. SKCR will be following developments.

SKCR also is participating in the shoreline plans of Seattle and Bellevue. These cities have not yet developed a formal proposal for DOE’s review.

## ENERGY AUDIT AND RETROFIT

Recently, the City of Seattle launched the residential portion of an energy efficiency program, funded by the American Recovery and Reinvestment Act. SKCR encouraged this voluntary program as an alternative to a mandate at the point of sale.

The program offers homeowners in southeast Seattle a discounted energy audit and the opportunity to make energy upgrades with financial incentives and special financing.

The program plans to upgrade 2,000 homes during the next two years. The goal of the program is to achieve energy savings of at least 15 percent in each home served. The special incentives and financing are available only to projects that meet or exceed the 15% energy savings improvement threshold.

How it works:

1. An energy audit is conducted that provides the home's "energy performance score." A contractor, certified by the program, identifies efficiency opportunities.
2. The homeowner chooses the energy improvements that make the most sense.
3. A certified contractor oversees and performs agreed-upon work. A program "Energy Expert" checks the work for quality and performance.

### Energy Improvement Financing

Program financing is available to qualified homeowners through Enterprise Cascadia, a non-profit, community lender.

Standard terms are 5.99% for a 20-year loan to be repaid conveniently on the homeowner's Seattle City Light bill. For income qualifying homeowners, a special 3.99% rate is available.

To receive this special loan, the homeowner must achieve energy savings of at least 15 percent in the home

“SKCR encourages this voluntary program as an alternative to a mandate at the point of sale”

## GREEN HOME ADVISOR GETTING NOTICED

“Green Home Advisor was created by SKCR as part of the association’s ongoing effort to add value to your REALTOR® membership and the services you provide to your clients.”

SKCR invites you to take advantage of Green Home Advisor, a timely resource you can “brand” as your own and provide to current and prospective clients as a value-added service.

The innovative site is getting noticed by other REALTOR® organizations around the county and has been featured in AE Magazine.

Green Home Advisor is filled with practical information and links for creating energy smart homes and enjoying the benefits such homes provide. We’ve tried to make it easy to navigate, easy to upload and easy to personalize.

Please visit the basic public-facing website at [www.greenhomeadvisor.org](http://www.greenhomeadvisor.org).

Once there, you will find sections on increasing the energy efficiency of your home, home energy audits, “deals, rebates and incentives,” energy smart homes, and tips for designing and remodeling. The site is chock-full of useful information about home improvements for saving energy, reducing a home’s carbon footprint and saving money on energy bills.



**This tool is designed so you can personalize it with your name, photo, and contact information. To customize this website, simply follow these steps:**

1. Go to:  
<http://greenhomeadvisor.org/login.php>
2. Enter your SKCR Member Number (NRDS#)
3. Follow prompts to insert your custom information – name, company, phone number, e-mail address and photo.
4. Save this document, which now contains your unique URL for Green Home Advisor.
5. Send the customized link to your new website to customers, and add to your own website.

## STATE LEGISLATIVE RECAP

### REALTORS® STOP DOUBLE B&O TAX

“REALTORS® are particularly thankful for the leadership actions from Senator Kevin Ranker, sponsor of SB 5083, and Representative Marcie Maxwell, sponsor of HB 1184”

Governor Gregoire signed SB 5083 (a top REALTOR® Legislative priority) that will save brokers more than \$5 million in the next five years.

The legislation rejects an interpretation by the Washington Department of Revenue (WDOR) field audit staff that emerged in recent audits of real estate firms, requiring them to pay B&O tax on commission amounts paid directly to other real estate firms, for services performed by that other firm. WDOR's new interpretation created double B&O taxation on commission amounts in transactions involving more than two real estate firms.

REALTORS® are particularly thankful for the leadership actions from Senator Kevin Ranker, sponsor of SB 5083, and Representative Marcie Maxwell, sponsor of HB 1184 (the House version of the bill). Although the Governor's signed legislation (effective July 22, 2011) does not make the bill retroactive, REALTORS® will continue working with WDOR regarding how the agency will interpret the former real estate B&O statute in the event of an audit over the next few years.

### REALTORS® LEGISLATIVE SUCCESS – NO PRIVATE TRANSFER FEES

New housing developments, in some parts of the country, include a private transfer fee that must be paid each time a house is sold. Often, the legal right to receive this fee is securitized and sold, similar to how mortgages were bundled and sold during the past decade.

Federal mortgage agencies will not lend on properties with private transfer fees. REALTORS® were successful in passing legislation (SB 5115, HB 1214) to eliminate private transfer fees. The bill has an emergency clause and went into effect the day the Governor signed the bill.

### WOOD STOVES: STOPPED POINT OF SALE PROVISION

REALTORS® successfully worked to remove a section from a Department of Ecology bill, SB 5432, which would have added a point of

sale provision for the removal or conversion of woodstoves prior to a sale, adding a significant burden to the transaction.

### STREAMLINING SHORT SALES

SB 5590 requires that state charter banks must respond, in good faith, within 120 days with an acceptance, rejection, or counter-offer of the seller's written offer in a short

sale. The bill, effective on July 22, 2011, will improve predictability in the short sale process.

### PROTECTING EXISTING HOMES IN SHORELINES PROGRAMS

For new or amended *shoreline master programs* that are approved on or after September 1, 2011, SB 5451 provides a new optional authority for local government,

under which existing homes could be protected and remodeled as *conforming uses*, rather than regulated as non-conforming uses.

KING COUNTY CO

## **PROTECTING YOUR BUSINESS & THE CLIENTS YOU SERVE**

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To promote a free and independent market, SEATTLE *KingCounty* REALTORS® actively engages in the political, legislative, legal and regulatory process in support of housing supply and affordability, economic vitality, private property rights, infrastructure and environmental protection.

### **GOVERNMENTAL & PUBLIC AFFAIRS LEADERSHIP**

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Our objective is to enhance REALTOR® profitability by improving the regulatory climate and the political support for housing affordability, quality of life, private property rights and economic vitality.