

ORDINANCE NO. 2256

ORDINANCE AMENDING SELAH MUNICIPAL CODE CHAPTER 4.38 WITH REGARD TO
REAL ESTATE EXCISE TAXES (REET)

WHEREAS, Selah has – since late 1985, following the adoption of Ordinance No. 846 that led to the enactment of Selah Municipal Code (SMC) Chapter 4.38 (currently labeled “Real Property Sales Tax”) – imposed a real estate excise tax (REET) in the amount of one-quarter of one percent (0.25%) on each gross selling price when real property situated within the corporate limits of the city is sold. This one-quarter of one percent is often referred to as a “REET 1” tax or as the “first quarter percent” of allowable REET taxes that a city can impose. As of the present date, the REET 1 tax is authorized by RCW 82.46.010(2); and

WHEREAS, cities are allowed to use REET 1 tax revenues for any “capital purpose” as such term is defined within RCW 82.46.010(2). When Selah has received REET 1 tax revenues – from the Yakima County Treasurer’s Office, which actually collects the revenues, retains a portion of the revenues for its own administrative costs, and then distributes the remainder of the revenues to Selah – Selah has used such revenues for capital purposes; and

WHEREAS, since 1990, state law has authorized cities – such as Selah – to also impose an additional one-quarter of one percent REET tax on real property sales. This additional one-quarter of one percent is often referred to as a “REET 2” tax or as the “second quarter percent” of REET taxes. As of the present date, the REET 2 tax is authorized by RCW 82.46.035(2); and

WHEREAS, cities are allowed to use REET 2 tax revenues for any “capital project” as such term is defined within RCW 82.46.035(3)&(5). Notably, the construction of a municipal building is not within the statutory scope of a “capital project”, whereas construction and rehabilitation of streets, sidewalks, domestic water systems, sanitary sewer systems and parks (among other things) can qualify as a “capital project”; and

WHEREAS, Selah has not previously enacted the REET 2 tax, whereas most other cities within Yakima County have enacted their own REET 2 taxes. Accordingly, Selah has not previously received any REET 2 tax revenues, whereas most other cities within Yakima County have been receiving REET 2 taxes for years or even multiple decades; and

WHEREAS, due to the effects of recent and still ongoing significant inflation and also due to Selah’s anticipated near-term “capital projects” (which are different from Selah’s plan to construct a municipal building, because, as stated above, the construction of a municipal building does not qualify as a statutory “capital project” for REET 2 purposes), Selah staff has recommended that a REET 2 tax be imposed. To impose the REET 2 tax, new provisions of the SMC must be enacted via an adopted ordinance (which will be the instant Ordinance); and

WHEREAS, Selah staff has also recommended that the preexisting version of SMC Chapter 4.38 be amended, so as to change its title and to revise and clarify the operative language with regard to the previously-enacted REET 1 tax (while simultaneously imposing the REET 2 tax); and

WHEREAS, the City Council finds that good cause exists;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SELAH, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Amendment of SMC Chapter 4.38. That the title and body of SMC Chapter 4.38 be and is amended to read and provide as shown in the following editing marks (which editing marks are included in this Ordinance for ease of reference, but which shall be removed when the codifiers publish the official updated version of SMC Chapter 4.38 on the internet):

Chapter 4.38 ~~REAL PROPERTY SALES TAXES~~ REAL ESTATE EXCISE TAXES

- 4.38.010 ~~Levied—Collection.~~REET 1 taxes imposed.
- 4.38.020 ~~Use of funds.~~Additional REET 2 taxes imposed.
- 4.38.030 Taxable event.
- 4.38.040 Consistency with state law.
- 4.38.050 Collection, distribution, and restrictions on use.
- 4.38.060 Seller's obligation; Enforcement.
- 4.38.070 Tax is lien; Enforcement.
- 4.38.080 Proof of payment.
- 4.38.090 Date payable; Penalty for late payment.
- 4.38.100 Excessive or improper payment.

- 4.38.010 ~~Levied—Collection.~~REET 1 taxes imposed.

~~The city hereby levies a one-quarter of one percent tax on the sale of real property within the corporate limits of the city of Selah. Said tax shall be collected by the Yakima County treasurer. Disposition and distribution shall be in accordance with RCW Chapter 82.46.030. There is, and continues to be, hereby imposed – pursuant to RCW 82.46.010(2) in its present form or any amended form or replacement – a tax of one-quarter of one percent (0.25%) of and on the selling price on each sale of real property within the corporate limits of the city. This tax is commonly referred to a “REET 1” tax or as the “first quarter percent” of allowable REET taxes that a city can impose.~~

- 4.38.020 ~~Use of funds.~~Additional REET 2 taxes imposed.

~~The city clerk treasurer shall credit the tax revenues into a municipal capital improvement fund created by separate regulations and used solely for local city improvements. There is hereby imposed – pursuant to RCW 82.46.035(2) in its present form or any amended form or~~

replacement – an additional tax of one-quarter of one percent (0.25%) of and on the selling price on each sale of real property within the corporate limits of the city. This tax is commonly referred to a “REET 2” tax or as the “second quarter percent” of allowable REET taxes that a city can impose.

4.38.030 Taxable event.

The taxes imposed by this Chapter shall be collected from persons or entities who are taxable by the state under Chapter 82.45 RCW and Chapter 458-61A WAC – in their present forms or any amended form or replacement – upon the occurrence of any taxable event that occurs within the corporate limits of the city.

4.38.040 Consistency with state law.

The taxes imposed by this Chapter shall comply with all applicable rules, regulations, laws and court decisions regarding real estate excise taxes as imposed by the state under Chapter 82.45 RCW and Chapter 458-61A WAC – in their present forms or any amended form or replacement. The provisions of those chapters, to the extent they are not inconsistent with the written provisions of this Chapter, shall apply as though they are fully set forth within this Chapter.

4.38.050 Collection, distribution, and restrictions on use.

The Yakima County Treasurer’s Office shall act as the city’s agent and shall collect the revenues that are generated from the taxes imposed by this Chapter. Upon collecting such revenues, the Yakima County Treasurer’s Office shall be entitled to retain up to one percent (1.00%) of the generated revenues and to then use that portion to fund or defray its administrative costs. The remainder of the generated revenues shall then be distributed by the Yakima County Treasurer’s Office to the city on a monthly or near-monthly basis. Upon receipt of its share of the generated revenues, the city shall place the revenues – in equal amounts – into a capital purposes fund and a capital projects fund. The city shall only use the revenues within each fund for a qualifying “capital purpose” or “capital project” respectively, as such terms are defined within RCW 82.46.010(2) and RCW 82.46.035(3)&(5) – in their present forms or any amended form or replacement. However, this Chapter shall not limit the city’s authority to impose special assessments on property specially benefited thereby, in the manner prescribed by law.

4.38.060 Seller’s obligation; Enforcement.

The taxes imposed by this Chapter are the obligation of the selling party on a real estate sale, and the taxes may be enforced through any legal means including but not limited to the manner legally prescribed for the foreclosure of mortgages. The city may pursue multiple or successive legal means, and the city’s pursuit of any legal means shall not preclude the city from pursuing different or additional legal means.

4.38.070 Tax is lien; Enforcement.

The taxes imposed by this Chapter, as well as any applicable monetary interest or penalties thereon, are a specific lien upon each piece of sold real estate from the time of sale or until the taxes are paid, which lien may be enforced through any legal means including but not limited to the manner legally prescribed for the foreclosure of mortgages. The city may pursue multiple or successive legal means, and the city's pursuit of any legal means shall not preclude the city from pursuing different or additional legal means.

4.38.080 Proof of payment.

Upon receiving the appropriate tax revenues, the Yakima County Treasurer's Office shall – prior to the Yakima County Auditor's Office recording the instrument of sale or conveyance – affix a stamp or other insignia upon the instrument of sale or conveyance, or upon the associated Real Estate Excise Tax Affidavit in the case of sales of used mobile homes, so as to indicate that the applicable taxes have been paid. A receipt issued by the Yakima County Treasurer's Office confirming that the applicable taxes have been paid shall be evidence of satisfaction of the lien imposed by section 4.38.070 and such receipt may be recorded in the manner prescribed for recording satisfactions or mortgages. No instrument of sale or conveyance evidencing a sale subject to the taxes imposed by this Chapter may be accepted by the Yakima County Auditor's Office for filing or recording until the taxes imposed by this Chapter have been paid and the stamp or other insignia is affixed thereon; in case taxes are due on the transfer, the instrument shall not be accepted until suitable notification of this fact is made on the instrument by the Yakima County Treasurer's Office.

4.38.090 Date of Payment; Penalty for late payment.

The taxes imposed by this Chapter shall be and become due and payable immediately at the time of sale and, if not so paid within thirty days thereafter, shall bear and accrue monetary interest at the rate of one percent (1.00%) per month from the time of sale until the date of full payment or satisfaction.

4.38.100 Excessive or improper payments.

If, upon written application by a taxpayer to the Yakima County Treasurer's Office for a refund, it appears that taxes have been paid in excess of the amounts actually due or improperly upon a sale or other transfer declared to be exempt, such excess amount or improper payment shall be refunded by the Yakima County Treasurer's Office to the taxpayer; provided however, that no refund shall be made unless the state has first authorized the refund of an excessive amount paid or improper payment paid, unless the excessive amount or improper payment was paid as the result of a miscalculation. The Yakima County Treasurer's Office shall withhold an equivalent amount to any refund actually issued from the next forthcoming distribution to the city.

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this Ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this Ordinance be preempted by state or federal law or regulation, such decision or preemption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 3. Corrections. The City Attorney and the codifiers of the SMC are authorized to make any necessary or desirable clerical or formatting changes – including but not limited to correcting scrivener errors; changing formatting; eliminating bold, italic and underscore emphasis; changing numbering; and correcting references – when publishing or republishing the official text of any section(s), chapter(s), title(s) or other portion(s) of the SMC due to any amendment, addition, alteration, change, impact or enactment effectuated by this Ordinance.

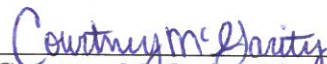
Section 4. Publishing, Providing Copy to County, and Effective Date. A summary of this Ordinance shall be published in the City's official newspaper, consistent with RCW 35A.12.120 and .160. Consistent with RCW 82.46.080, a copy of this Ordinance shall be provided to the Yakima County Treasurer's Office. This Ordinance shall take effect and be in full force upon the latter of: five calendar days following publication of a summary hereof in the newspaper or sixty days following delivery of a copy hereof to the Treasurer's Office.

PASSED AND ORDAINED BY THE CITY COUNCIL OF THE CITY OF SELAH, WASHINGTON,
this 28th day of October, 2025.




Roger Bell, Mayor

ATTEST:



Courtney McGarity, City Clerk

APPROVED AS TO FORM:



Rob Case, City Attorney