

Date August 11, 2022

Background RCW 82.45.060 requires the Department of Revenue to adjust the selling price thresholds for real estate excise tax beginning July 1, 2022, and every fourth year thereafter.

The current selling price thresholds adjustments must be published by September 1, 2022 and apply to real estate sales beginning January 1, 2023.

The selling price threshold adjustment for the portion of the selling price that is less than or equal to \$500,000 is the lesser of the growth of the consumer price index for shelter or 5%. If the growth is equal to or less than 0%, the current selling price threshold continues to apply. The three subsequent selling price thresholds are adjusted by the dollar amount of any increase in this first threshold.

Current Selling Price Thresholds The selling price thresholds and tax rates between January 1, 2020, and December 31, 2022, are as follows:

For the portion of the selling price that is:	Real Estate Excise Tax Rate
Less than or equal to \$500,000	1.1%
Greater than \$500,000 and less than or equal to \$1,500,000	1.28%
Greater than \$1,500,000 and less than or equal to \$3,000,000	2.75%
Greater than \$3,000,000	3.0%

Note: Agricultural land and timberland are excluded from this rate structure and have a flat rate of 1.28%.

Consumer Price Index The consumer price index for shelter is the most current seasonally adjusted index for the shelter expenditure category of the consumer price index for all urban consumers (CPI-U) as published by July 31st by the bureau of labor statistics.

Growth of the consumer price index for shelter is the percentage increase in the consumer price index for shelter listed above for the most recent three-year period for this selling price threshold adjustment.

2023 Real Estate Excise Tax Selling Price Thresholds, Continued

The seasonally adjusted consumer price index for the shelter expenditure category of the consumer price index for all urban consumers as published July 13, 2022 is:

Expenditure Category	Seasonally adjusted consumer price index for all urban consumers			
	June 2022	June 2021	June 2020	June 2019
Shelter	352.550	333.807	325.495	317.953

Calculation of Threshold Increase

The percentage increase in the consumer price index for shelter for the most recent three-year period is 10.88%, therefore the selling price threshold adjustment for the portion of the selling price that is less than or equal to \$500,000 is 5%.

$$\$500,000 \times 0.05 = \$25,000$$

The new threshold is \$525,000

The three subsequent selling price thresholds will increase by \$25,000

New Selling Price Thresholds

The selling price thresholds and tax rates between January 1, 2023, and December 31, 2026, are:

For the portion of the selling price that is:	Real Estate Excise Tax Rate
Less than or equal to \$525,000	1.1%
Greater than \$525,000 and less than or equal to \$1,525,000	1.28%
Greater than \$1,525,000 and less than or equal to \$3,025,000	2.75%
Greater than \$3,025,000	3.0%
