



Real Estate Sales and the Local Economy

Profile of the 11th Legislative District

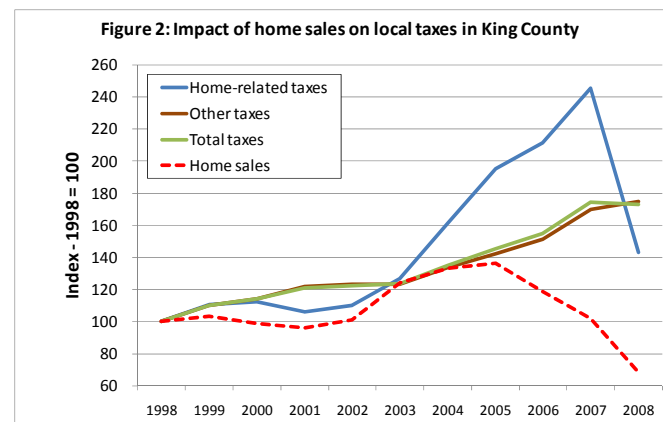
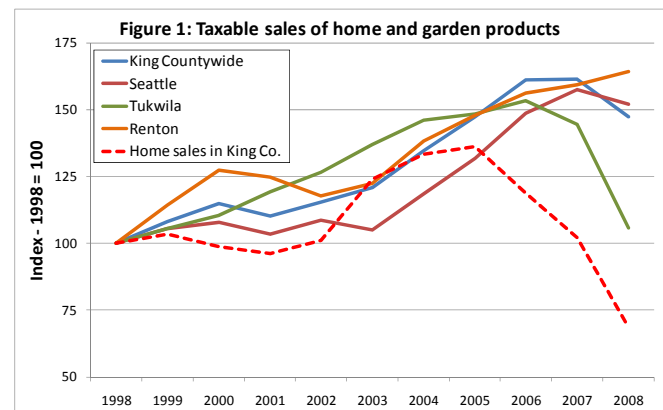
The sale of residential real estate has an impact on local economies and local governments.

Local taxes paid directly. Real estate excise tax (REET) is paid on all sales. Sales tax is paid on construction, both the building of new homes and the remodeling that buyers of existing homes often undertake after a purchase. These taxes go to the city or county (if in an unincorporated area) where the sale happened.

Indirect tax and employment impacts. Buyers of new homes purchase furnishings, and buyers of existing homes often upgrade those homes and purchase appliances, finishing materials, floor and window coverings, and landscape materials. This generates local jobs and tax revenues.

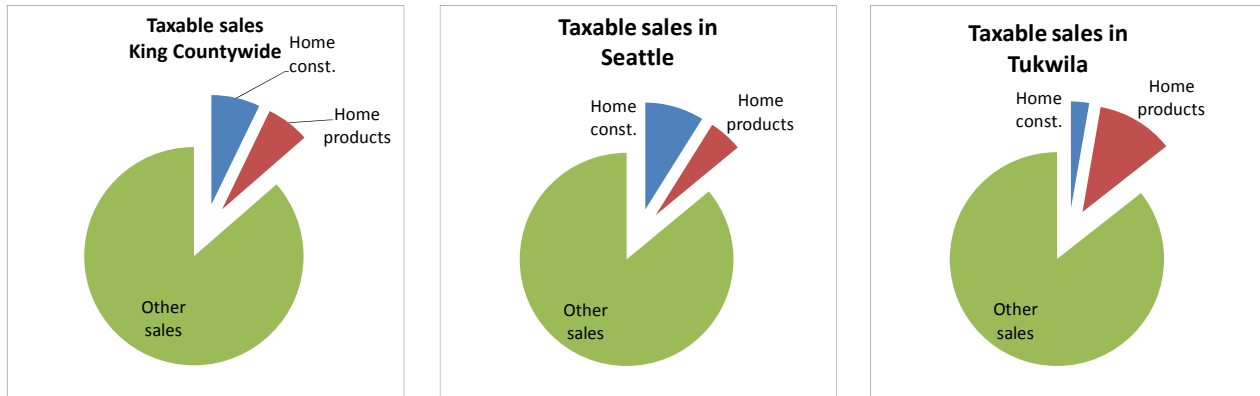
Figure 1 shows that as home sales fell in King County, beginning in 2006, sales at home and garden stores fell countywide as well as in Seattle and especially Tukwila. The home, garden and appliance category saw a six percent drop in employment from 2007 to 2008 in King County.

When real estate sales fall, so do local tax revenues. **Figure 2** shows home sales and tax collections for King County and all its cities combined. After home sales began to fall, taxes related to those sales dropped dramatically. Note that “other taxes” actually rose from 2007-2008, indicating that the drop in home-related taxes was the main cause of the drop in total taxes. Local governments will be unable to recover lost tax revenues until the residential real estate sector recovers.



Local governments in the 11th District have varying degrees of dependence on home-related taxes. **Figure 3** shows the share of taxable sales taken up by home products sales and taxable home construction. Countywide, these two categories account for about 13 percent of taxable sales, and they account for about 14 percent in Des Moines and 14 percent in Tukwila.

Figure 3: 2008 taxable sales in three jurisdictions of the 11th District



Local governments in Washington are heavily dependent on sales tax and REET revenue to fund local services and infrastructure. Weak consumer spending has taken a bite out of local sales tax collections. This is made worse by the impact of slow sales of residential real estate: there is a clear link between the level of residential real estate sales and the level of purchasing in the home products categories and activity in taxable residential construction. Furthermore, an increasing number of jurisdictions are taking full advantage of their local REET authority to fund critical infrastructure.

Recovery in home sales will result in:

- Recovery of sales of home products, thereby increasing employment and sales tax collections in home improvement, appliance and furnishings stores.
- A gradual increase in new construction, driving construction employment and recovery in construction sales tax.
- Recovery in collections of REET.

Recovery in sales of new and existing homes is a necessary first step toward reestablishing employment and financial stability in local communities.



Real Estate Sales and the Local Economy

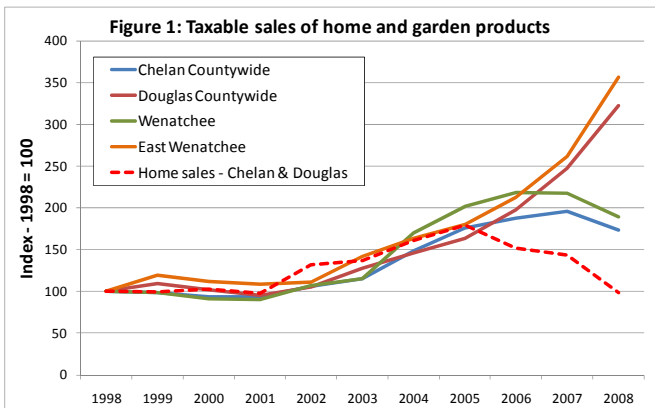
Profile of the 12th Legislative District

The sale of residential real estate has an impact on local economies and local governments.

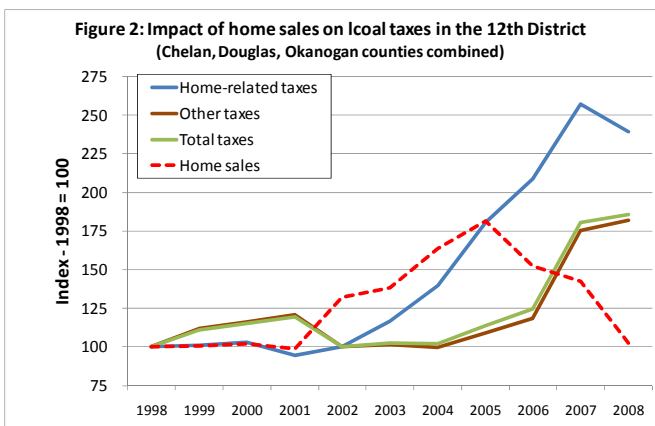
Local taxes paid directly. Real estate excise tax (REET) is paid on all sales. Sales tax is paid on construction, both the building of new homes and the remodeling that buyers of existing homes often undertake after a purchase. These taxes go to the city or county (if in an unincorporated area) where the sale happened.

Indirect tax and employment impacts. Buyers of new homes purchase furnishings, and buyers of existing homes often upgrade those homes and purchase appliances, finishing materials, floor and window coverings, and landscape materials. This generates local jobs and tax revenues.

Figure 1 shows that as home sales fell in Chelan and Douglas counties, beginning in 2006, sales at home and garden stores fell in Chelan County and in Wenatchee. Strong overall economic growth in Douglas County kept sales increasing there and in East Wenatchee.

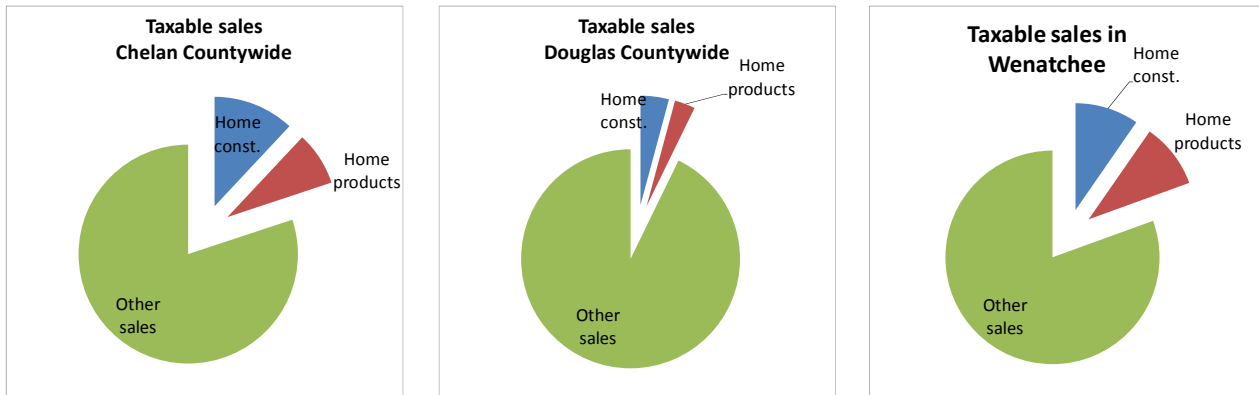


When real estate sales fall, so do local tax revenues. **Figure 2** shows an index of home sales and tax collections in all of Chelan and Douglas counties and their cities, combined. As home-related taxes dropped off after 2007, total revenues to local governments saw a reduced growth rate. Local governments will be unable to recover lost tax revenues until the residential real estate sector recovers.



Cities and counties in the 12th District have varying degrees of dependence on home-related taxes. **Figure 3** shows the share of taxable sales taken up by home products sales and taxable home construction. In Chelan County these two categories account for about 20 percent of countywide taxable sales and 19 percent in Wenatchee. They account for about seven percent of countywide taxable sales in Douglas County. The dependence on these taxes in Chelan County is quite high, and the county its cities will certainly feel the downturn in these revenue sources.

Figure 3: 2008 taxable sales in three jurisdictions of the 12th District



Local governments in Washington are heavily dependent on sales tax and REET revenue to fund local services and infrastructure. Weak consumer spending has taken a bite out of local sales tax collections. This is made worse by the impact of slow sales of residential real estate: there is a clear link between the level of residential real estate sales and the level of purchasing in the home products categories and activity in taxable residential construction. Furthermore, an increasing number of jurisdictions are taking full advantage of their local REET authority to fund critical infrastructure.

Recovery in home sales will result in:

- Recovery of sales of home products, thereby increasing employment and sales tax collections in home improvement, appliance and furnishings stores.
- A gradual increase in new construction, driving construction employment and recovery in construction sales tax.
- Recovery in collections of REET.

Recovery in sales of new and existing homes is a necessary first step toward reestablishing employment and financial stability in local communities.



Real Estate Sales and the Local Economy

Profile of the 13th Legislative District

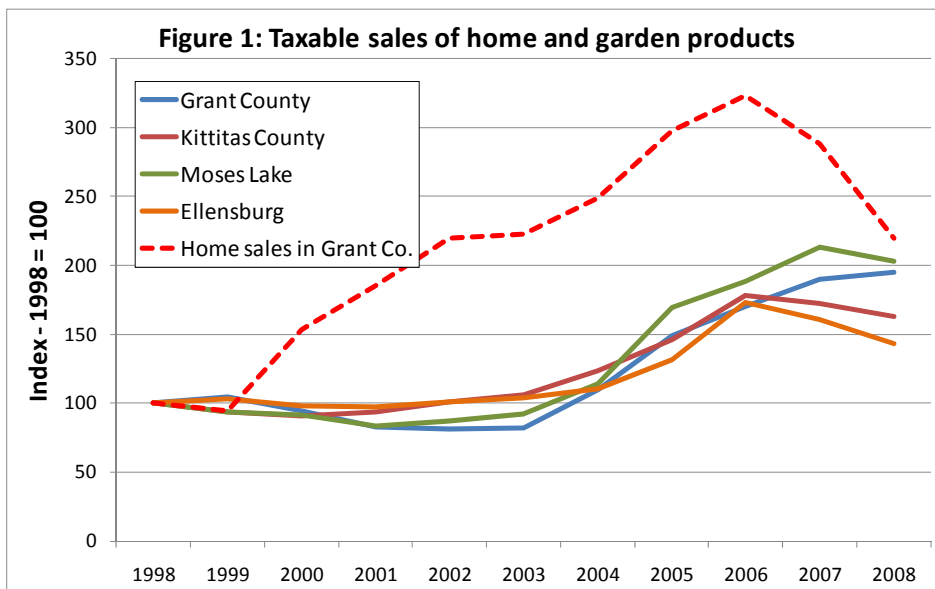
The sale of residential real estate has an impact on local economies and local governments.

Local taxes paid directly. Real estate excise tax (REET) is paid on all sales. Sales tax is paid on construction, both the building of new homes and the remodeling that buyers of existing homes often undertake after a purchase. These taxes go to the city or county (if in an unincorporated area) where the sale happened.

Indirect tax and employment impacts. Buyers of new homes purchase furnishings, and buyers of existing homes often upgrade those homes and purchase appliances, finishing materials, floor and window coverings, and landscape materials. This generates local jobs and tax revenues.

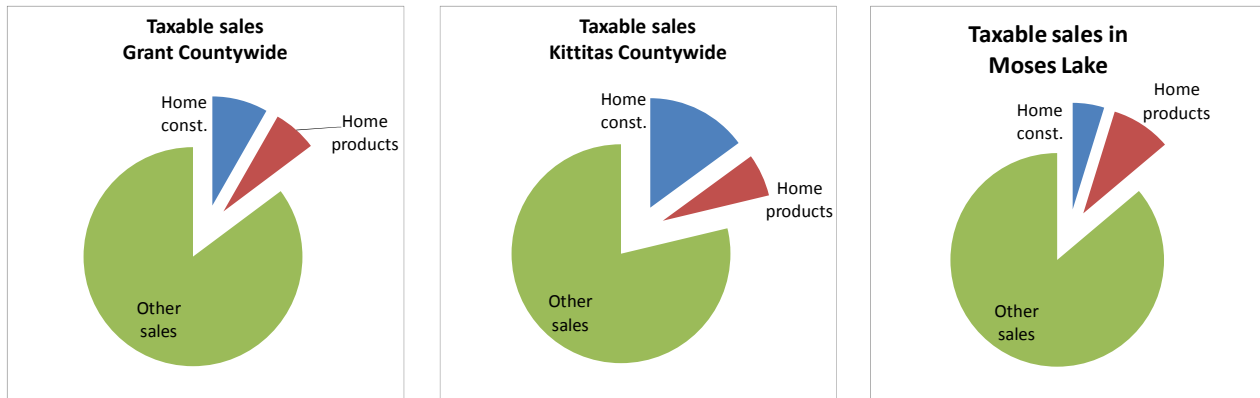
Figure 1 shows that as home sales fell in Central Washington, sales at home and garden stores fell in Kittitas County, Ellensburg and Moses Lake and leveled off in Grant County.

The home, garden and appliance category saw a six percent drop in employment from 2007 to 2008 in Kittitas County.



Cities and counties in the 13th District have varying degrees of dependence on home-related taxes. **Figure 2** shows dependence on home related sales taxes. These taxes made up about 15 percent of taxable sales countywide in Grant County, 21 percent in Kittitas County and 14 percent in the city of Moses Lake. The dependence on these taxes in Kittitas County is quite high, and the county its cities will certainly feel the downturn in these revenue sources.

Figure 2: 2008 taxable sales in three jurisdictions of the 13th District



Local governments in Washington are heavily dependent on sales tax and REET revenue to fund local services and infrastructure. Weak consumer spending has taken a bite out of local sales tax collections. This is made worse by the impact of slow sales of residential real estate: there is a clear link between the level of residential real estate sales and the level of purchasing in the home products categories and activity in taxable residential construction. Furthermore, an increasing number of jurisdictions are taking full advantage of their local REET authority to fund critical infrastructure.

Recovery in home sales will result in:

- Recovery of sales of home products, thereby increasing employment and sales tax collections in home improvement, appliance and furnishings stores.
- A gradual increase in new construction, driving construction employment and recovery in construction sales tax.
- Recovery in collections of REET.

Recovery in sales of new and existing homes is a necessary first step toward reestablishing employment and financial stability in local communities.

Data sources: Washington State Departments of Revenue and Employment Security, Washington State Auditor's Office, Washington Center for Real Estate Research.



Real Estate Sales and the Local Economy

Profile of the 15th Legislative District

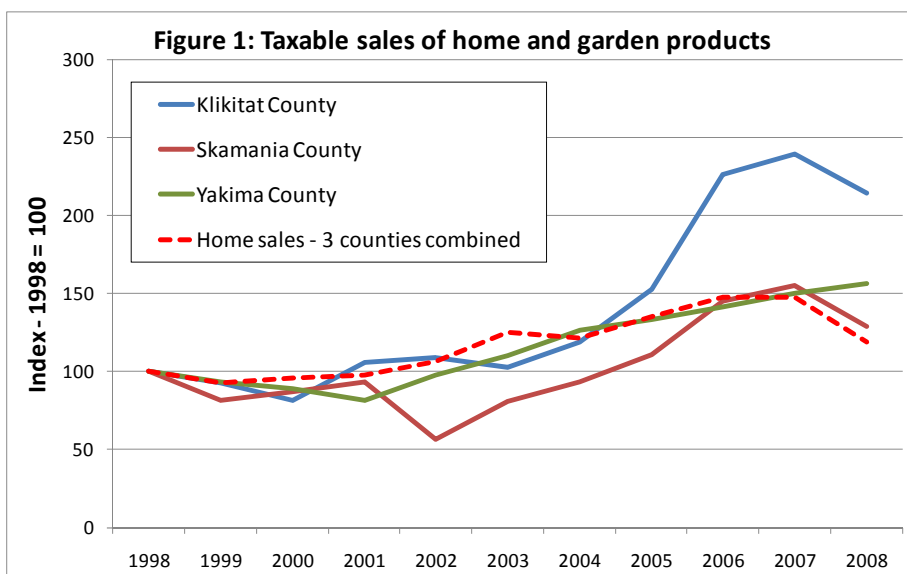
The sale of residential real estate has an impact on local economies and local governments.

Local taxes paid directly. Real estate excise tax (REET) is paid on all sales. Sales tax is paid on construction, both the building of new homes and the remodeling that buyers of existing homes often undertake after a purchase. These taxes go to the city or county (if in an unincorporated area) where the sale happened.

Indirect tax and employment impacts. Buyers of new homes purchase furnishings, and buyers of existing homes often upgrade those homes and purchase appliances, finishing materials, floor and window coverings, and landscape materials. This generates local jobs and tax revenues.

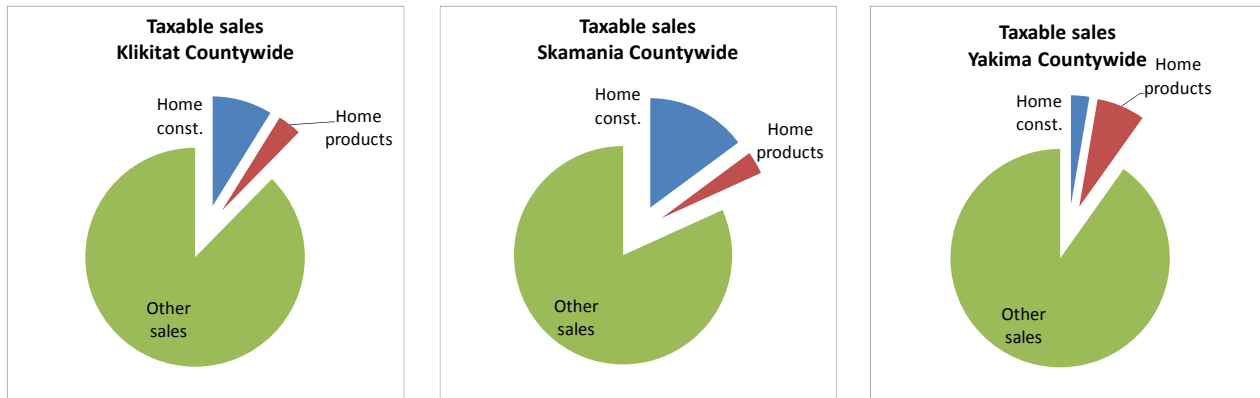
Figure 1 shows that as home sales in south-central Washington declined, beginning in 2007, sales at home and garden stores declined in Klickitat and Skamania counties and leveled off in Yakima County.

The home, garden and appliance category saw a five percent drop in employment from 2007 to 2008 in Yakima County.



Cities and counties in the 15th District have varying degrees of dependence on home-related taxes. **Figure 2** shows dependence on home related sales taxes. These taxes made up about 12 percent of taxable sales countywide in Klickitat County, 18 percent in Skamania County and 10 percent in Yakima County. The dependence on these taxes in Skamania County is quite high, and the county its cities will certainly feel the downturn in these revenue sources.

Figure 2: 2008 taxable sales in three jurisdictions of the 15th District



Local governments in Washington are heavily dependent on sales tax and REET revenue to fund local services and infrastructure. Weak consumer spending has taken a bite out of local sales tax collections. This is made worse by the impact of slow sales of residential real estate: there is a clear link between the level of residential real estate sales and the level of purchasing in the home products categories and activity in taxable residential construction. Furthermore, an increasing number of jurisdictions are taking full advantage of their local REET authority to fund critical infrastructure.

Recovery in home sales will result in:

- Recovery of sales of home products, thereby increasing employment and sales tax collections in home improvement, appliance and furnishings stores.
- A gradual increase in new construction, driving construction employment and recovery in construction sales tax.
- Recovery in collections of REET.

Recovery in sales of new and existing homes is a necessary first step toward reestablishing employment and financial stability in local communities.