

**CREDIT AGAINST THE REAL ESTATE EXCISE TAX  
FOR REMOVAL OF UNCERTIFIED WOOD BURNING DEVICE  
DISCUSSION GUIDE**

**2007 Report recommendation for further consideration:**

- Provide a credit toward the state portion of the real estate excise tax for sellers who remove and dispose of uncertified devices at the time of a property sale.

**Background**

- In 2006, there were 365,000 taxable real estate sales. This would include commercial sales, land and undeveloped lots.
- In 2006, OFM lists 2,715,532 housing units. Taxable sales are 13% of this number.
- 2006 is the fourth year of a “hot” real estate market, this number of transactions is may be larger than average.
- Previous estimates of long-term sales rates were that about 5% of the housing stock is sold every year, on average.
- Ecology 2005 survey data shows that 11% of “all homes” had uncertified devices.
- Cost of removal/destruction of an uncertified device might be similar to an installation, approximately \$400.
- Using this info, we can make some crude estimates of the total cost of a credit against the real estate excise tax. The 365,000 taxable sales includes commercial property, apartments, condo units, etc.

**Rough estimate of the effect of a credit**

- Assume the credit would have a sunset date, it wouldn't be there forever
- Assume it would be good for the next 6 years.
- Assume % of homes sold for the next six years is in between a long-run average and the hot market rate, so say let's say 8% of homes are sold in those six years.
- 8% of the 2006 housing stock is 217,242 homes sold
- Apply the 11% of all homes ratio to that and 23,896 homes would be eligible for the credit.
- If a \$400.00 credit were given, and every eligible home used the credit, the cost to the state treasury would be: \$9,558,400. That's a very high estimate, it is unlikely that every eligible homeowner would use such a credit.

**Some pro and con ideas about whether a credit would be used**

- Real estate agents could inform sellers, so knowledge of the credit might be pretty good.
- Sellers may not want to bother with removal, especially if expenses are higher due to carpets, pads, special wall coverings etc that would need modification after removal.

**Discussion topics**

- How likely is a credit to be used?
- What amount of credit should be given?
- Should it be sunsetted?
- Does a credit for removal of approach make sense?