

HOUSE BILL REPORT

SB 5383

As Reported By House Committee On:

Finance

Title: An act relating to the collection of sales tax on manufactured housing.

Brief Description: Facilitating the collection of sales tax on manufactured housing.

Sponsors: Senators Winsley and Prentice.

Brief History:

Committee Activity:

Finance: 4/3/97, 4/7/97 [DP].

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 13 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Butler; Conway; Kastama; Pennington; Schoesler; Thompson and Van Luven.

Staff: Linda Brooks (786-7153).

Background: A sales tax is imposed on retail sales of most items of tangible personal property and some services. The state tax rate is 6.5 percent and is applied to the selling price of the article or service. In addition, local sales taxes apply. These range from 0.5 to 2.1 percent, depending upon the location of the sale. The total rate is between 7.0 and 8.6 percent.

A use tax is imposed on the use of an item in this state when the acquisition of the item has not been subject to sales tax. Use tax applies to items purchased from sellers who do not collect sales tax, items acquired from out of state, and items produced by the person using the item. The use tax is equal to the sales tax rate multiplied by the value of the property used.

In 1987, the Legislature authorized the Department of Revenue to designate county auditors and the Department of Licensing as its collecting agents for the sales tax on mobile or manufactured homes. By allowing county auditors and the Department of Licensing to collect the sales tax, the tax collection was made contemporaneous with the titling process for these types of homes.

Subsequently, in 1989 the Legislature passed legislation allowing for a manufactured or mobile home to be classified as real property instead of personal property. To classify the manufactured or mobile home as real property, the owner needs to go through a process to prevent the title from being issued or to eliminate the title, if one has already been issued.

Summary of Bill: The titling of manufactured or mobile homes is again made an independent process from the collection of sales tax on these homes. The Department of Revenue is once again responsible for collecting the sales tax. However, the Department of Licensing and its agents will continue to collect sales and use tax on private (non-dealer) sales of manufactured or mobile homes.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 1997.

Testimony For: This bill repeals the 1987 act that tied the titling of manufactured homes and the collection of sales tax on those homes together. Linking the payment of sales tax to the titling process does not work. The process has become more complex with subsequent legislation enacted in 1989. By repealing the 1987 act, sales tax on manufactured homes will again be collected by the Department of Revenue.

Testimony Against: (concerns) The Department of Licensing does not oppose the bill, but it requests that the effective date be changed to October 1, 1997, in order to allow enough time for necessary computer programming changes.

Testified: Robert Schoos and Mike Ryherd, Washington Manufactured Housing Association (pro); and Deborah McCurley, Department of Licensing (concerns).