

HB 1095

Bill Analysis

February 26, 1997

Brief Description: Altering the definition of a used mobile home. Sales of used mobile homes not bolted down are made subject to REET instead of sales tax, in addition to those bolted down.

Bill Sponsors: Representatives Pennington, Hatfield, Alexander and Dunn.

Staff: Linda Brooks (786-7153)

Background: The real estate excise tax is paid when real property is sold. Real property consists of land and improvements permanently affixed to the land. The state tax rate is 1.28 percent of the selling price. Most local governments impose an added rate of 0.25 percent. Additional local options are available. The combined state and local tax rate is 1.53 or 1.78 percent in most areas.

The sales tax is imposed on retail sales of most items of tangible personal property and some services. Use tax is imposed on the use of an item in this state, when the acquisition of the item or service has not been subject to sales tax. The combined state and local sales and use tax rate is between 7 and 8.6 percent, depending on location.

The buyer of a new mobile home pays retail sales or use tax. When a person buys a used mobile home permanently affixed to land by placement on a foundation, the buyer pays real estate excise tax of 1.53 or 1.78 percent. However, if a used mobile home is to be moved to a new location, then the buyer must pay the higher retail sales or use tax rate of 7 to 8.6 percent. A buyer of a used mobile home pays only real estate excise tax or retail sales and use tax. A buyer never pays both taxes on the same sales transaction.

Summary of Bill: The buyer of a used mobile home pays real estate excise tax on the sales transaction. Retail sales or use tax does not apply, even if the used mobile home is to be moved to a new location.

Fiscal Note: Available

Effective Date: Ninety days after adjournment of session in which bill is passed.

House of Representatives
Office of Program Research
Finance Committee

P.O. Box 40600
Olympia WA 98504-0600
Phone 360-786-7100
