

HOUSE BILL REPORT

SHB 2184

As Amended by the Senate

Title: An act relating to revising the excise tax treatment of park model trailers to provide the same tax treatment as that given to mobile homes.

Brief Description: Revising tax treatment of park model trailers.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Berkey, DeBolt, Morris, Dunshee and Edwards).

Brief History:

Committee Activity:

Finance: 3/2/01, 3/8/01 [DPS].

Floor Activity:

Passed House: 3/12/01, 95-0.

Senate Amended.

Passed Senate: 4/6/01, 44-0.

Brief Summary of Substitute Bill

- Taxes sales of used park model trailers under the real estate excise tax rather than the sales and use tax.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 10 members: Representatives Cairnes, Republican Co-Chair; Morris, Democratic Co-Chair; Berkey, Democratic Vice Chair; Roach, Republican Vice Chair; Carrell, Conway, Pennington, Santos, Van Luven and Veloria.

Staff: Rick Peterson (786-7150).

Background:

The real estate excise tax (REET) is imposed on each sale of real property. The state tax rate is 1.28 percent of the selling price. Additional local rates are allowed. The most common total tax rates are 1.53 percent and 1.78 percent. The tax is applied when a sale occurs. A sale is defined as any conveyance, grant, assignment, quitclaim, or transfer of

the ownership of or title to real property. The seller of real estate pays REET, except the 1 percent county conservation rate which is paid by the buyer.

Real estate excise tax applies to the sale of used mobile or manufactured homes which are fixed in location on which sales or use tax was previously paid. Retail sales or use tax does not apply.

A park model trailer is a travel trailer designed to be used with temporary connections to utilities necessary for operation of installed fixtures and appliances. A park model trailer's gross area is less than 400 square feet. The retail sales or use tax applies to the sale of both new and used park model trailers.

Summary of Bill:

The sales of used park model trailers which are fixed in location are made subject to the real estate excise tax rather than the sales and use tax.

EFFECT OF SENATE AMENDMENT(S):

The Senate amendment adds sales and use tax exemptions for used park model trailers.

Appropriation: None.

Fiscal Note: Requested on February 25, 2001.

Effective Date: The bill takes effect on August 1, 2001.

Testimony For: This is a fairness issue. This bill will bring uniformity and fairness to the taxation of used park model trailers. We now tax park model trailers under the property tax just like mobile homes. Sales of used mobile homes are subject to real estate excise tax just like regular homes. Sales of used park model trailers should be treated just like used mobile homes. The real estate excise tax should apply rather than the retail sales tax.

Testimony Against: None.

Testified: Representative Berkey, prime sponsor; and Gail Rauch, Snohomish County Assessor.