

Finance Committee

HB 2184

Brief Description: *Revising the tax treatment of park model trailers.*

Sponsors: *Representatives Berkey, DeBolt, Morris, Dunshee and Edwards.*

Brief Summary of Bill

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

Hearing Date: *3/2/01*

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 four hundred square feet. The retail sales or use tax applies to the sale of 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.

Appropriation: *None.*

Fiscal Note: *Requested on February 25, 2001.*

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