

# HOUSE BILL REPORT

## HB 2512

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### As Passed Legislature

**Title:** An act relating to interest and penalty relief for qualified mobile home and manufactured home owners.

**Brief Description:** Concerning interest and penalty relief for qualified mobile home and manufactured home owners.

**Sponsors:** Representatives Orwall, Stokesbary, Pollet, Ryu, Valdez, Volz, Leavitt, Gildon, Graham, Doglio and Dufault.

#### **Brief History:**

##### **Committee Activity:**

Civil Rights & Judiciary: 1/31/20, 2/5/20 [DP].

##### **Floor Activity:**

Passed House: 2/16/20, 96-0.

Passed Senate: 3/3/20, 48-0.

Passed Legislature.

#### **Brief Summary of Bill**

- Provides that mobile homes and manufactured homes on which the title has not been eliminated are subject to distraint no sooner than three years after the date personal property taxes become delinquent.
- Provides for the waiver of outstanding interest and penalties on delinquent taxes due from the title owner on a mobile or manufactured home subject to distraint if the owner meets certain low income thresholds, occupies the home as his or her primary residence, and meets other requirements.

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### HOUSE COMMITTEE ON CIVIL RIGHTS & JUDICIARY

**Majority Report:** Do pass. Signed by 13 members: Representatives Kilduff, Chair; Thai, Vice Chair; Dufault, Assistant Ranking Minority Member; Goodman, Hansen, Kirby, Klippert, Orwall, Peterson, Rude, Valdez, Walen and Ybarra.

**Staff:** Cece Clynch (786-7195).

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

### Mobile and Manufactured Homes: Treated as Vehicles or Real Property Depending Upon the Circumstances.

A mobile or manufactured home is a structure designed and constructed to be transportable in one or more sections, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities that include plumbing, heating, and electrical systems.

A mobile or manufactured home situated on land that belongs to someone other than the homeowner must be titled by the Department of Licensing (DOL) as a vehicle, and it is taxed as personal property.

If the mobile or manufactured home is affixed to land owned by the homeowner, it must either be titled by the DOL *or* the homeowner may choose to have the title eliminated or not issued. If the title is eliminated or not issued, the application must be recorded in the county property records of the county where the real property to which the home is affixed is located. In that case, the mobile or manufactured home is treated the same as a site-built structure, taxed as real property, and ownership is based on ownership of the real property through real property law.

### County Tax Foreclosure and Distraint Sales.

#### *Real Property Taxes.*

Three years after the date real property taxes become delinquent, the county treasurer must issue a certificate of delinquency on the property for all years' taxes, interest, and costs, unless the county treasurer elects to issue a certificate for fewer than all years' taxes, interest, and costs. If the Department of Revenue has previously notified the county treasurer in writing that the property has a lien on it for deferred property taxes, the county treasurer must include in the certificate of delinquency any amounts deferred that remain unpaid, including accrued interest and costs. The county treasurer files the certificate of delinquency with the clerk of the court and, with the assistance of the local prosecuting attorney, institutes an action for foreclosure of the real property tax lien.

#### *Personal Property Taxes.*

The county treasurer must proceed to collect all personal property taxes after completing the tax roll for the current year. Notice by mail must be given to all persons charged with personal property taxes. If personal property taxes are not paid before they become delinquent, the county treasurer must begin delinquent collection efforts by preparing papers in distraint. The papers must contain a description of the property, the amount of taxes (including the amount of deferred taxes that are a lien on the personal property to be distrained), the amount of accrued interest, and the name of the owner.

The county treasurer must then seize sufficient goods and chattel belonging to the person to pay the taxes, interest, and costs described in the distraint papers and proceed to advertise the distraint sale by posting written notices in three public places in the county, including the county courthouse. The notice must state the time and place where the property will be sold. The sale may not be less than 10 days after the taking of the property.

If the taxes, interest, and costs are not paid before the date of the sale, the county treasurer must sell the property at public auction. Any amount received in excess of the amount sufficient to pay the taxes, interest, costs, and cost of auction must be paid to the owner of the property.

In the event the treasurer has reasonable grounds to believe that any personal property, including mobile homes or manufactured homes, or park model trailers, upon which taxes have been levied but not paid, is about to be removed from the county or destroyed, sold, or disposed of, the treasurer may demand the taxes without notice and, if necessary, distrain sufficient goods and chattels to pay the amounts owed.

**Summary of Bill:**

Mobile homes and manufactured homes on which the title has not been eliminated are subject to distraint no sooner than three years after the date of first delinquency. However, if the county treasurer has reasonable grounds to believe that the property upon which taxes have been levied but not paid, is about to be removed from the county or destroyed, sold, or disposed of, the county treasurer may demand the taxes without notice and, if necessary, distrain sufficient goods and chattels to pay the amounts owed.

The county treasurer must waive outstanding interest and penalties on delinquent taxes due from the title owner on a mobile or manufactured home if the property is subject to an action for distraint and the title owner:

- meets certain low income thresholds, as verified by the county assessor;
- occupies the mobile or manufactured home as his or her principal place of residence;
- or his or her agent is paying the delinquent base taxes owed on the year or years for which the outstanding interest and penalties are being waived and submits a complete application at least 14 days prior to recording of distraint documents; and
- has not previously received a such a waiver on the property.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) Legislation enacted last year provided relief for homeowners who were struggling to pay their property taxes. This bill expands on that work and provides relief for those living in mobile homes who are struggling to pay their personal property taxes. Thanks are due to the treasurers and assessors who brought this forward. At one time it made sense for mobile homes to be lumped in with other personal property and made subject to the same distraint processes in place for the failure to pay personal property taxes in general. Mobile homes were truly mobile then and could be moved easily. That is not the case any longer; they are much more substantial and people are living in them. This legislation allows treasurers to work with these homeowners, many of whom are low income.

This will create equality between the foreclosure and distraint laws. In 2019 in Clark County there were 420 mobile homes on which personal property taxes were delinquent. As written, current law requires the treasurer to move immediately to distraint those mobile homes as personal property for which personal property taxes have not been paid. In contrast, Clark County ended 2019 with only 20 stick-built homes subject to foreclosure. This is because the law allows three years to pay before foreclosure, payment plans are available, and some taxpayers can take advantage of the senior exemption.

The property tax rate is the same for personal property and real property, but the collection process is different. It should be the same. The full membership of the Washington Association of County Officials supports this legislation.

(Opposed) None.

**Persons Testifying:** Representative Orwall, prime sponsor; Jeff Gadman, Washington Association of County Treasurers; Jennifer Wallace, Washington Association of County Officials; Alishia Topper, Clark County Treasurer's Office; and Peter Van Nortwick, Clark County.

**Persons Signed In To Testify But Not Testifying:** None.