

# SENATE BILL REPORT

## ESHB 1997

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As of April 3, 2019

**Title:** An act relating to manufactured/mobile homes.

**Brief Description:** Concerning manufactured/mobile homes.

**Sponsors:** House Committee on Housing, Community Development & Veterans (originally sponsored by Representatives Ryu, Pollet, Dolan, Valdez, Macri, Stanford, Appleton, Santos and Doglio).

**Brief History:** Passed House: 3/28/19, 68-25.

**Committee Activity:** Ways & Means: 4/05/19.

### Brief Summary of Bill

- Modifies the fee on manufactured home transactions so the fee is 0.25 percent of the sale price of the manufactured home, but in no case less than \$100 or greater than \$500.
- Creates the Relocation Coordination Program in the Department of Commerce to assist tenants of a mobile home park scheduled for closure or conversion to another use.
- Increases the annual registration assessment a manufactured/mobile home park landlord is required to pay per manufactured/mobile home from \$10 to \$15 and requires the additional \$5 be used only for the Relocation Coordination Program.
- Reinstates the real estate excise tax exemption for certain sellers transferring a manufactured/mobile home community.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Claire Goodwin (786-7736)

**Background:** Mobile Home Park Relocation Fund. The Relocation Assistance Program, administered by the Office of Mobile/Manufactured Home Relocation Assistance, provides monetary assistance on a first-come, first-served basis to low-income persons owning mobile homes located in mobile home parks that are scheduled for closure or conversion to another

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use. The assistance provided is drawn from the Mobile Home Park Relocation Fund (fund) which is established in the custody of the state treasurer.

Manufactured Home Transaction Fee. The Department of Licensing requires an applicant for a certificate of title for a manufactured home transaction to pay a \$100 fee, in addition to any other fees and taxes required by law if the manufactured home:

- is located in a mobile home park;
- is one-year old or older;
- is new, or ownership changes, excluding changes that involve adding or deleting a spouse or domestic partner, co-registered owners, or legal owners; and
- the sale price is \$5,000 or more.

The \$100 fee must be forwarded to the state treasurer, who must deposit the fee into the fund.

Annual Registration Assessment-Manufactured Homes. Each manufactured/mobile home community landlord must pay the Department of Revenue a \$10 annual registration assessment for each manufactured/mobile home that is subject to the Manufactured/Mobile Home Landlord-Tenant Act (MHLTA) within a manufactured/mobile home community. Landlords may charge a maximum of \$5 of the assessment to tenants. Money from the assessment must be deposited accordingly:

- \$9 of the assessment must be deposited into the Manufactured/Mobile Home Dispute Resolution Program Account to fund the costs associated with the Manufactured/Mobile Home Dispute Resolution Program. This program provides manufactured/mobile home community landlords and tenants with a process to resolve disputes regarding alleged violations of the MHLTA.
- \$1 must be deposited into the Business License Account to fund the Business Licensing Service Program, which administers a computerized one-stop business licensing system.

Real Estate Excise Tax. The real estate excise tax (REET) is assessed on the sale of real estate. REET is assessed on the selling price, including the amount of any liens, mortgages, or other debts. REET is typically paid by the seller of the property, although the buyer is liable if REET is not paid. REET also applies to transfers of controlling interest in entities that own property in the state. The state REET rate is 0.0128. City and county rates vary by location, ranging from 0.0025 to 0.015.

Certain types of real estate transactions are statutorily exempt from REET. For example, from June 12, 2008 to December 31, 2018, a qualified sale of a manufactured/mobile home community was exempt from REET. A qualified sale was the sale of a manufactured/mobile home community that was transferred in a single purchase to a qualified tenant organization or to an eligible organization—local governments, housing authorities, nonprofit organizations, or federally recognized Indian tribes in Washington—for the purpose of preserving the property as a manufactured/mobile home community.

Tax Preferences. All new tax preference legislation is required to include a tax preference performance statement. The performance statement must clearly specify the public policy objectives of the tax preference and the specific metrics and data that will be used by the Joint Legislative Audit and Review Committee (JLARC) to evaluate the efficacy of the tax

preference. In addition, an automatic ten-year expiration date is applied to new tax preferences if an alternate expiration date is not provided in the new tax preference legislation.

**Summary of Bill:** The manufactured home transaction fee is modified so the fee is 0.25 percent of the sale price of the manufactured home. In no case may the fee be less than \$100, or greater than \$500.

The annual registration assessment is increased from \$10 to \$15. The additional \$5 of the assessment must be deposited into the Mobile Home Park Relocation Fund and used only for the Relocation Coordination Program.

The Relocation Coordination Program is created within the Department of Commerce for the purpose of assisting tenants of a mobile home park scheduled for closure or conversion to another use, with the process of relocation. The program may include, but is not limited to:

- performing casework on behalf of individual tenants, and maintaining and distributing informational resources for tenants about the process for relocating and disposal of manufactured/mobile homes;
- researching and distributing current information regarding available locations for manufactured/mobile homes and other forms of available housing; and
- researching and distributing information regarding other sources of financial assistance that may be available to secure new housing.

The REET exemption for certain sellers transferring a manufactured/mobile home community in a qualified sale is reinstated. The REET exemption expires after ten years and is subject to tax preference review by JLARC.

**Appropriation:** None.

**Fiscal Note:** Available. New fiscal note requested on March 29, 2019.

**Creates Committee/Commission/Task Force that includes Legislative members:** No.

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