

SENATE BILL REPORT

ESHB 1997

As Reported by Senate Committee On:
Ways & Means, April 9, 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, 4/09/19 [DPA, w/oRec, DNP].

Brief Summary of Amended Bill

- Authorizes manufactured/mobile home park tenants seeking relocation assistance from the Relocation Assistance Program to receive other funding for relocation purposes without reducing their eligibility for relocation assistance funds.
- Authorizes qualifying manufactured/mobile home park tenants to use Relocation Assistance Program funds to secure housing that is not a manufactured home.
- Requires the Department of Commerce (Commerce) to distribute, for each eligible tenant, up to 40 percent of the total financial assistance as cash assistance to help the tenant secure new housing and the remainder as reimbursement for costs associated with relocation.
- 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 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

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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.

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Rolfes, Chair; Frockt, Vice Chair, Operating, Capital Lead; Mullet, Capital Budget Cabinet; Billig, Carlyle, Conway, Darneille, Hasegawa, Hunt, Keiser, Lias, Palumbo, Pedersen and Van De Wege.

Minority Report: That it be referred without recommendation.

Signed by Senators Rivers and Warnick.

Minority Report: Do not pass.

Signed by Senators Braun, Ranking Member; Brown, Assistant Ranking Member, Operating; Honeyford, Assistant Ranking Member, Capital; Bailey, Becker, Schoesler and Wagoner.

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 use. The assistance provided is drawn from the Mobile Home Park Relocation Fund (fund) which is established in the custody of the state treasurer. Tenants residing in parks closed because of park-owner fraud or health and safety concerns, are given priority.

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.

To be eligible for relocation assistance:

- the tenant must reside in the mobile home park at the time a closure notice is issued;
- the tenant's household income must be no more than 80 percent of the median family income for the county where the mobile or manufactured home is located; and
- the tenant must maintain ownership and either relocate the home or demolish or dispose of it if it cannot be relocated.

Eligible mobile homeowners or tenants may receive reimbursement of relocation expenses up to \$12,000 for a multi-section home and \$7,500 for a single-section home. The Relocation Assistance Program is funded by a \$100 fee on the issuance of a certificate of title for manufactured/mobile homes, which is deposited into the Mobile Home Park Relocation Fund.

Summary of Amended Bill: The definition of relocate is expanded to provide tenants the ability to use Relocation Assistance Program funds to secure other housing when their manufactured/mobile home has been demolished and disposed of. The definition of relocation assistance is expanded to include both reimbursement for the costs of relocation and cash assistance to allow the tenant to secure new housing.

Commerce must distribute financial assistance for each eligible tenant as follows:

- up to 40 percent of the total assistance in the form of cash assistance to help the tenant secure new housing; and
- the remainder of the total assistance as reimbursement for costs associated with relocation.

A tenant or the tenant's assignee, to receive cash assistance, must provide documentation to Commerce that the tenant has:

- relocated;
- established a process to secure the relocation of the home by having assigned the right to reimbursement of the relocation costs and liability for such removal or demolition and disposal to another entity; or
- has contracted to incur expenses associated with relocation of the home.

Any cash assistance provided under the Relocation Assistance Program is considered a one-time direct grant payment and must be excluded from household income calculations to determine eligibility of the recipient to receive benefits from any other state-funded assistance programs.

The Mobile Home Park Relocation Fund is renamed the Manufactured/Mobile Home Park Relocation Fund.

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 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.

EFFECT OF WAYS & MEANS COMMITTEE AMENDMENT(S): Adds provisions from the Housing Stability and Affordability committee striker on E2SHB 1033 relating to changes to the Relocation Assistance Program for displaced tenants after a mobile home park closure.

Specifically, the provisions:

- Authorize manufactured/mobile home park tenants seeking relocation assistance from the Mobile and Manufactured Home Relocation Assistance Program (Relocation Assistance Program) to receive other funding for relocation purposes without reducing their eligibility for relocation assistance funds.
- Require that a manufactured/mobile home park tenant's combined relocation assistance from the Relocation Assistance Program and other sources not exceed the tenant's actual relocation expenses.
- Authorize qualifying manufactured/mobile home park tenants to use Relocation Assistance Program funds to secure housing that is not a manufactured home.
- Requires Commerce to distribute, for each eligible tenant, up to 40 percent of the total financial assistance as cash assistance to help the tenant secure new housing and the remainder as reimbursement for costs associated with relocation.
- Clarify that cash assistance provided under the Relocation Assistance Program is considered a one-time direct grant payment and is excluded from household income calculations to determine eligibility of the recipient to receive benefits from any other state-funded assistance programs.
- Rename the mobile home park relocation fund as the manufactured/mobile home park relocation fund.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony on Engrossed Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* None.

Persons Testifying: No one.

Persons Signed In To Testify But Not Testifying: No one.