
ENGROSSED SUBSTITUTE HOUSE BILL 1997

State of Washington

66th Legislature

2019 Regular Session

By House Housing, Community Development & Veterans (originally sponsored by Representatives Ryu, Pollet, Dolan, Valdez, Macri, Stanford, Appleton, Santos, and Doglio)

READ FIRST TIME 02/22/19.

1 AN ACT Relating to manufactured/mobile homes; amending RCW
2 46.17.155, 59.30.050, and 59.21.050; reenacting and amending RCW
3 82.45.010; adding a new section to chapter 59.21 RCW; creating a new
4 section; and providing an expiration date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** This section is the tax preference
7 performance statement for the tax preference contained in section 6,
8 chapter . . ., Laws of 2019 (section 6 of this act). This performance
9 statement is only intended to be used for subsequent evaluation of
10 the tax preference. It is not intended to create a private right of
11 action by any party or be used to determine eligibility for
12 preferential tax treatment.

13 (1) The legislature categorizes this tax preference as one
14 intended to induce certain designated behaviors by taxpayers, as
15 indicated in RCW 82.32.808(2)(a).

16 (2) It is the legislature's specific public policy objective to
17 preserve the affordable housing opportunities provided by existing
18 manufactured/mobile home communities. It is the legislature's intent
19 to encourage owners to sell existing communities to tenants and
20 eligible organizations by providing a real estate excise tax
21 exemption.

1 (3) To measure the effectiveness of this tax preference in
2 achieving the specific public policy objective described in
3 subsection (2) of this section, the joint legislative audit and
4 review committee must, at minimum, review the number of units of
5 housing that are preserved as a result of qualified sales of
6 manufactured/mobile home communities and the total amount of
7 exemptions claimed, as reported to the department of revenue.

8 (4) The joint legislative audit and review committee may use any
9 other data it deems necessary in performing the evaluation under this
10 section.

11 **Sec. 2.** RCW 46.17.155 and 2010 c 161 s 511 are each amended to
12 read as follows:

13 (1) Before accepting an application for a certificate of title
14 for an original or transfer manufactured home transaction as required
15 in this title or chapter 65.20 RCW, the department, county auditor or
16 other agent, or subagent appointed by the director shall require the
17 applicant to pay a ~~((one hundred dollar))~~ fee, in accordance with
18 subsection (4) of this section, in addition to any other fees and
19 taxes required by law if the manufactured home:

20 (a) Is located in a mobile home park;

21 (b) Is one year old or older; and

22 (c) Is new or ownership changes, excluding changes that involve
23 adding or deleting spouse or domestic partner coregistered owners or
24 legal owners ~~((; and~~

25 ~~-(d) Sales price is five thousand dollars or more))~~.

26 (2) The ~~((one hundred dollar))~~ fee amount established in
27 subsection (4) of this section must be forwarded to the state
28 treasurer, who shall deposit the fee in the mobile home park
29 relocation fund created in RCW 59.21.050.

30 (3) The department and the state treasurer may adopt rules
31 necessary to carry out this section.

32 (4) The amount of the fee that the department must collect must
33 be 0.25 percent of the sale price of the manufactured home, but in no
34 case may the fee be less than one hundred dollars or greater than
35 five hundred dollars.

36 **Sec. 3.** RCW 59.30.050 and 2013 c 144 s 42 are each amended to
37 read as follows:

1 (1) The department must register all manufactured/mobile home
2 communities, which registration must be renewed annually. Each
3 community must be registered separately. The department must mail
4 registration notifications to all known manufactured/mobile home
5 community landlords. Registration information packets must include:

6 (a) Registration forms; and

7 (b) Registration assessment information, including registration
8 due dates and late fees, and the collections procedures, liens, and
9 charging costs to tenants.

10 (2) To apply for registration or registration renewal, the
11 landlord of a manufactured/mobile home community must file with the
12 department an application for registration or registration renewal on
13 a form provided by the department and must pay a registration fee as
14 described in subsection (3) of this section. The department may
15 require the submission of information necessary to assist in
16 identifying and locating a manufactured/mobile home community and
17 other information that may be useful to the state, which must
18 include, at a minimum:

19 (a) The names and addresses of the owners of the manufactured/
20 mobile home community;

21 (b) The name and address of the manufactured/mobile home
22 community;

23 (c) The name and address of the landlord and manager of the
24 manufactured/mobile home community;

25 (d) The number of lots within the manufactured/mobile home
26 community that are subject to chapter 59.20 RCW; and

27 (e) The addresses of each manufactured/mobile home lot within the
28 manufactured/mobile home community that is subject to chapter 59.20
29 RCW.

30 (3) Each manufactured/mobile home community landlord must pay to
31 the department:

32 (a) A one-time business license application fee for the first
33 year of registration and, in subsequent years, an annual renewal
34 application fee, as provided in RCW 19.02.075; and

35 (b) An annual registration assessment of (~~ten~~) fifteen dollars
36 for each manufactured/mobile home that is subject to chapter 59.20
37 RCW within a manufactured/mobile home community. Manufactured/mobile
38 home community landlords may charge a maximum of five dollars of this
39 assessment to tenants. Nine dollars of the registration assessment
40 for each manufactured/mobile home must be deposited into the

1 manufactured/mobile home dispute resolution program account created
2 in RCW 59.30.070 to fund the costs associated with the manufactured/
3 mobile home dispute resolution program. (~~The remaining~~) One dollar
4 of the registration assessment must be deposited into the business
5 license account created in RCW 19.02.210. The remaining five dollars
6 of the registration assessment must be deposited into the mobile home
7 park relocation fund created in RCW 59.21.050. The annual
8 registration assessment must be reviewed once each biennium by the
9 department and the attorney general and may be adjusted to reasonably
10 relate to the cost of administering this chapter. The registration
11 assessment may not exceed (~~ten~~) fifteen dollars, but if the
12 assessment is reduced, the portion allocated to the manufactured/
13 mobile home dispute resolution program account (~~and~~), the business
14 license account, and the mobile home park relocation fund must be
15 adjusted proportionately.

16 (4) Initial registrations of manufactured/mobile home communities
17 must be filed before November 1, 2007, or within three months of the
18 availability of mobile home lots for rent within the community. The
19 manufactured/mobile home community is subject to a delinquency fee of
20 two hundred fifty dollars for late initial registrations. The
21 delinquency fee must be deposited in the business license account.
22 Renewal registrations that are not renewed by the expiration date as
23 assigned by the department are subject to delinquency fees under RCW
24 19.02.085.

25 (5) Thirty days after sending late fee notices to a noncomplying
26 landlord, the department may issue a warrant under RCW 59.30.090 for
27 the unpaid registration assessment and delinquency fee. If a warrant
28 is issued by the department under RCW 59.30.090, the department must
29 add a penalty of ten percent of the amount of the unpaid registration
30 assessment and delinquency fee, but not less than ten dollars. The
31 warrant penalty must be deposited into the business license account
32 created in RCW 19.02.210. Chapter 82.32 RCW applies to the collection
33 of warrants issued under RCW 59.30.090.

34 (6) Registration is effective on the date determined by the
35 department, and the department must issue a registration number to
36 each registered manufactured/mobile home community. The department
37 must provide an expiration date, assigned by the department, to each
38 manufactured/mobile home community who registers.

1 NEW SECTION. **Sec. 4.** A new section is added to chapter 59.21
2 RCW to read as follows:

3 (1) A relocation coordination program is created within the
4 department for the purpose of assisting tenants of a mobile home park
5 scheduled for closure or conversion to another use with the process
6 of relocation.

7 (2) The relocation coordination program assistance may include,
8 but is not limited to, performing casework on behalf of individual
9 tenants, maintaining and distributing informational resources for
10 tenants regarding the process for relocating and disposal of
11 manufactured/mobile homes, researching and distributing current
12 information regarding available locations for manufactured/mobile
13 homes and other forms of available housing, and researching and
14 distributing information regarding other sources of financial
15 assistance that may be available to secure new housing.

16 **Sec. 5.** RCW 59.21.050 and 2011 c 158 s 7 are each amended to
17 read as follows:

18 (1) (a) The existence of the mobile home park relocation fund in
19 the custody of the state treasurer is affirmed.

20 (b) Expenditures from the fund may only be used as follows:

21 (i) Except as provided in subsection (3) of this section, all
22 moneys received from the fee as specified in RCW 46.17.155 must be
23 used only for relocation assistance awarded under this chapter.

24 (ii) All moneys received from the fee as specified in RCW
25 59.30.050 must be used only for the relocation coordination program
26 created in section 4 of this act.

27 (c) Only the director or the director's designee may authorize
28 expenditures from the fund. All relocation payments to tenants shall
29 be made from the fund. The fund is subject to allotment procedures
30 under chapter 43.88 RCW, but no appropriation is required for
31 expenditures.

32 (2) A park tenant is eligible for assistance under this chapter
33 only after an application is submitted by that tenant or an
34 organization acting on the tenant's account under RCW 59.21.021(4) on
35 a form approved by the director which shall include:

36 (a) For those persons who maintained ownership of and relocated
37 their homes or removed their homes from the park: (i) A copy of the
38 notice from the park-owner, or other adequate proof, that the tenancy
39 is terminated due to closure of the park or its conversion to another

1 use; (ii) a copy of the rental agreement then in force, or other
2 proof that the applicant was a tenant at the time of notice of
3 closure; (iii) a copy of the contract for relocating the home which
4 includes the date of relocation, or other proof of actual relocation
5 expenses incurred on a date certain; and (iv) a statement of any
6 other available assistance;

7 (b) For those persons who sold their homes and incurred no
8 relocation expenses: (i) A copy of the notice from the park-owner, or
9 other adequate proof, that the tenancy is terminated due to closure
10 of the park or its conversion to another use; (ii) a copy of the
11 rental agreement then in force, or other proof that the applicant was
12 a tenant at the time of notice of closure; and (iii) a copy of the
13 record of title transfer issued by the department of licensing when
14 the tenant sold the home rather than relocate it due to park closure
15 or conversion.

16 (3) The department may deduct a percentage amount of the fee
17 collected under RCW 46.17.155 for administration expenses incurred by
18 the department.

19 **Sec. 6.** RCW 82.45.010 and 2018 c 223 s 3 and 2018 c 221 s 1 are
20 each reenacted and amended to read as follows:

21 (1) As used in this chapter, the term "sale" has its ordinary
22 meaning and includes any conveyance, grant, assignment, quitclaim, or
23 transfer of the ownership of or title to real property, including
24 standing timber, or any estate or interest therein for a valuable
25 consideration, and any contract for such conveyance, grant,
26 assignment, quitclaim, or transfer, and any lease with an option to
27 purchase real property, including standing timber, or any estate or
28 interest therein or other contract under which possession of the
29 property is given to the purchaser, or any other person at the
30 purchaser's direction, and title to the property is retained by the
31 vendor as security for the payment of the purchase price. The term
32 also includes the grant, assignment, quitclaim, sale, or transfer of
33 improvements constructed upon leased land.

34 (2) (a) The term "sale" also includes the transfer or acquisition
35 within any twelve-month period of a controlling interest in any
36 entity with an interest in real property located in this state for a
37 valuable consideration.

38 (b) For the sole purpose of determining whether, pursuant to the
39 exercise of an option, a controlling interest was transferred or

1 acquired within a twelve-month period, the date that the option
2 agreement was executed is the date on which the transfer or
3 acquisition of the controlling interest is deemed to occur. For all
4 other purposes under this chapter, the date upon which the option is
5 exercised is the date of the transfer or acquisition of the
6 controlling interest.

7 (c) For purposes of this subsection, all acquisitions of persons
8 acting in concert must be aggregated for purposes of determining
9 whether a transfer or acquisition of a controlling interest has taken
10 place. The department must adopt standards by rule to determine when
11 persons are acting in concert. In adopting a rule for this purpose,
12 the department must consider the following:

13 (i) Persons must be treated as acting in concert when they have a
14 relationship with each other such that one person influences or
15 controls the actions of another through common ownership; and

16 (ii) When persons are not commonly owned or controlled, they must
17 be treated as acting in concert only when the unity with which the
18 purchasers have negotiated and will consummate the transfer of
19 ownership interests supports a finding that they are acting as a
20 single entity. If the acquisitions are completely independent, with
21 each purchaser buying without regard to the identity of the other
22 purchasers, then the acquisitions are considered separate
23 acquisitions.

24 (3) The term "sale" does not include:

25 (a) A transfer by gift, devise, or inheritance.

26 (b) A transfer by transfer on death deed, to the extent that it
27 is not in satisfaction of a contractual obligation of the decedent
28 owed to the recipient of the property.

29 (c) A transfer of any leasehold interest other than of the type
30 mentioned above.

31 (d) A cancellation or forfeiture of a vendee's interest in a
32 contract for the sale of real property, whether or not such contract
33 contains a forfeiture clause, or deed in lieu of foreclosure of a
34 mortgage.

35 (e) The partition of property by tenants in common by agreement
36 or as the result of a court decree.

37 (f) The assignment of property or interest in property from one
38 spouse or one domestic partner to the other spouse or other domestic
39 partner in accordance with the terms of a decree of dissolution of

1 marriage or state registered domestic partnership or in fulfillment
2 of a property settlement agreement.

3 (g) The assignment or other transfer of a vendor's interest in a
4 contract for the sale of real property, even though accompanied by a
5 conveyance of the vendor's interest in the real property involved.

6 (h) Transfers by appropriation or decree in condemnation
7 proceedings brought by the United States, the state or any political
8 subdivision thereof, or a municipal corporation.

9 (i) A mortgage or other transfer of an interest in real property
10 merely to secure a debt, or the assignment thereof.

11 (j) Any transfer or conveyance made pursuant to a deed of trust
12 or an order of sale by the court in any mortgage, deed of trust, or
13 lien foreclosure proceeding or upon execution of a judgment, or deed
14 in lieu of foreclosure to satisfy a mortgage or deed of trust.

15 (k) A conveyance to the federal housing administration or
16 veterans administration by an authorized mortgagee made pursuant to a
17 contract of insurance or guaranty with the federal housing
18 administration or veterans administration.

19 (l) A transfer in compliance with the terms of any lease or
20 contract upon which the tax as imposed by this chapter has been paid
21 or where the lease or contract was entered into prior to the date
22 this tax was first imposed.

23 (m) The sale of any grave or lot in an established cemetery.

24 (n) A sale by the United States, this state or any political
25 subdivision thereof, or a municipal corporation of this state.

26 (o) A sale to a regional transit authority or public corporation
27 under RCW 81.112.320 under a sale/leaseback agreement under RCW
28 81.112.300.

29 (p) A transfer of real property, however effected, if it consists
30 of a mere change in identity or form of ownership of an entity where
31 there is no change in the beneficial ownership. These include
32 transfers to a corporation or partnership which is wholly owned by
33 the transferor and/or the transferor's spouse or domestic partner or
34 children of the transferor or the transferor's spouse or domestic
35 partner. However, if thereafter such transferee corporation or
36 partnership voluntarily transfers such real property, or such
37 transferor, spouse or domestic partner, or children of the transferor
38 or the transferor's spouse or domestic partner voluntarily transfer
39 stock in the transferee corporation or interest in the transferee
40 partnership capital, as the case may be, to other than (i) the

1 transferor and/or the transferor's spouse or domestic partner or
2 children of the transferor or the transferor's spouse or domestic
3 partner, (ii) a trust having the transferor and/or the transferor's
4 spouse or domestic partner or children of the transferor or the
5 transferor's spouse or domestic partner as the only beneficiaries at
6 the time of the transfer to the trust, or (iii) a corporation or
7 partnership wholly owned by the original transferor and/or the
8 transferor's spouse or domestic partner or children of the transferor
9 or the transferor's spouse or domestic partner, within three years of
10 the original transfer to which this exemption applies, and the tax on
11 the subsequent transfer has not been paid within sixty days of
12 becoming due, excise taxes become due and payable on the original
13 transfer as otherwise provided by law.

14 (q)(i) A transfer that for federal income tax purposes does not
15 involve the recognition of gain or loss for entity formation,
16 liquidation or dissolution, and reorganization, including but not
17 limited to nonrecognition of gain or loss because of application of
18 26 U.S.C. Sec. 332, 337, 351, 368(a)(1), 721, or 731 of the internal
19 revenue code of 1986, as amended.

20 (ii) However, the transfer described in (q)(i) of this subsection
21 cannot be preceded or followed within a twelve-month period by
22 another transfer or series of transfers, that, when combined with the
23 otherwise exempt transfer or transfers described in (q)(i) of this
24 subsection, results in the transfer of a controlling interest in the
25 entity for valuable consideration, and in which one or more persons
26 previously holding a controlling interest in the entity receive cash
27 or property in exchange for any interest the person or persons acting
28 in concert hold in the entity. This subsection (3)(q)(ii) does not
29 apply to that part of the transfer involving property received that
30 is the real property interest that the person or persons originally
31 contributed to the entity or when one or more persons who did not
32 contribute real property or belong to the entity at a time when real
33 property was purchased receive cash or personal property in exchange
34 for that person or persons' interest in the entity. The real estate
35 excise tax under this subsection (3)(q)(ii) is imposed upon the
36 person or persons who previously held a controlling interest in the
37 entity.

38 (r) A qualified sale of a manufactured/mobile home community, as
39 defined in RCW 59.20.030(~~(, that takes place on or after June 12,~~
40 ~~2008, but before December 31, 2018)~~).

1 (s)(i) A transfer of a qualified low-income housing development
2 or controlling interest in a qualified low-income housing
3 development, unless, due to noncompliance with federal statutory
4 requirements, the seller is subject to recapture, in whole or in
5 part, of its allocated federal low-income housing tax credits within
6 the four years prior to the date of transfer.

7 (ii) For purposes of this subsection (3)(s), "qualified low-
8 income housing development" means real property and improvements in
9 respect to which the seller or, in the case of a transfer of a
10 controlling interest, the owner or beneficial owner, was allocated
11 federal low-income housing tax credits authorized under 26 U.S.C.
12 Sec. 42 or successor statute, by the Washington state housing finance
13 commission or successor state-authorized tax credit allocating
14 agency.

15 (iii) This subsection (3)(s) does not apply to transfers of a
16 qualified low-income housing development or controlling interest in a
17 qualified low-income housing development occurring on or after July
18 1, 2035.

19 (iv) The Washington state housing finance commission, in
20 consultation with the department, must gather data on: (A) The fiscal
21 savings, if any, accruing to transferees as a result of the exemption
22 provided in this subsection (3)(s); (B) the extent to which
23 transferors of qualified low-income housing developments receive
24 consideration, including any assumption of debt, as part of a
25 transfer subject to the exemption provided in this subsection (3)(s);
26 and (C) the continued use of the property for low-income housing. The
27 Washington state housing finance commission must provide this
28 information to the joint legislative audit and review committee. The
29 committee must conduct a review of the tax preference created under
30 this subsection (3)(s) in calendar year 2033, as required under
31 chapter 43.136 RCW.

32 (t)(i) A qualified transfer of residential property by a legal
33 representative of a person with developmental disabilities to a
34 qualified entity subject to the following conditions:

35 (A) The adult child with developmental disabilities of the
36 transferor of the residential property must be allowed to reside in
37 the residence or successor property so long as the placement is safe
38 and appropriate as determined by the department of social and health
39 services;

1 (B) The title to the residential property is conveyed without the
2 receipt of consideration by the legal representative of a person with
3 developmental disabilities to a qualified entity;

4 (C) The residential property must have no more than four living
5 units located on it; and

6 (D) The residential property transferred must remain in continued
7 use for fifty years by the qualified entity as supported living for
8 persons with developmental disabilities by the qualified entity or
9 successor entity. If the qualified entity sells or otherwise conveys
10 ownership of the residential property the proceeds of the sale or
11 conveyance must be used to acquire similar residential property and
12 such similar residential property must be considered the successor
13 for continued use. The property will not be considered in continued
14 use if the department of social and health services finds that the
15 property has failed, after a reasonable time to remedy, to meet any
16 health and safety statutory or regulatory requirements. If the
17 department of social and health services determines that the property
18 fails to meet the requirements for continued use, the department of
19 social and health services must notify the department and the real
20 estate excise tax based on the value of the property at the time of
21 the transfer into use as residential property for persons with
22 developmental disabilities becomes immediately due and payable by the
23 qualified entity. The tax due is not subject to penalties, fees, or
24 interest under this title.

25 (ii) For the purposes of this subsection (3)(t) the definitions
26 in RCW 71A.10.020 apply.

27 (iii) A "qualified entity" is:

28 (A) A nonprofit organization under Title 26 U.S.C. Sec. 501(c)(3)
29 of the federal internal revenue code of 1986, as amended, as of June
30 7, 2018, or a subsidiary under the same taxpayer identification
31 number that provides residential supported living for persons with
32 developmental disabilities; or

33 (B) A nonprofit adult family home, as defined in RCW 70.128.010,
34 that exclusively serves persons with developmental disabilities.

35 (iv) In order to receive an exemption under this subsection
36 (3)(t) an affidavit must be submitted by the transferor of the
37 residential property and must include a copy of the transfer
38 agreement and any other documentation as required by the department.

1 NEW SECTION. **Sec. 7.** Section 6 of this act expires January 1,
2 2030.

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