

HOUSE BILL REPORT

HB 2758

As Reported By House Committee On:
Trade & Economic Development
Finance

Title: An act relating to mobile or manufactured homes.

Brief Description: Regulating mobile or manufactured homes.

Sponsors: Representatives Carlson, Quall, Van Luven, Dunshee, B. Thomas, Gardner, Reams, Ogden, Chopp, Morris, Alexander, Veloria, Eickmeyer, Schoesler, O'Brien, Romero, Chandler, Dunn and Thompson.

Brief History:

Committee Activity:

Trade & Economic Development: 2/2/98, 2/5/98 [DPS];
Finance: 2/9/98 [DP2S(w/o sub TED)].

HOUSE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Van Luven, Chairman; Dunn, Vice Chairman; Veloria, Ranking Minority Member; Eickmeyer, Assistant Ranking Minority Member; Alexander; Ballasiotes; Mason and Morris.

Minority Report: Do not pass. Signed by 1 member: Representative McDonald.

Staff: Kenny Pittman (786-7392).

Background:

Mobile or Manufactured Housing Installer Certification.

The Department of Community, Trade, and Economic Development administers a certification and training program for manufactured home set-up and installation contractors. A mobile or manufactured home may not be installed without a certified manufactured home installer providing on-site supervision whenever installation work is being performed.

A permit issued by a local government to install a mobile or manufactured home must contain the certification number of the certified manufactured home installer that supervises the installation. This information must be stated on the permit.

Zoning Amendments to Allow Manufactured Homes in All Single-Family Zones.

All local governments are authorized to divide their jurisdiction into districts of any size and may establish official maps or development plans for all or a portion of their jurisdiction. Within the districts the local government may regulate and restrict the erection, construction, reconstruction, alteration, repair or use of buildings, structures, or land.

Real Estate Brokers.

The Department of Licensing regulates vehicles that may be moved upon a public highway. Mobile or manufactured homes are considered vehicles. A dealer that sells mobile homes is classified as a vehicle dealer.

A real estate broker, or their representatives, may only act on behalf of the legal or registered owner of a used mobile home in the purchase, sale, exchange of the used mobile home in conjunction with the purchase, sale, exchange, rental, or lease of land that the used mobile home is located. A real estate broker may not act as an agent or representative of a licensed vehicle dealer.

Taxation of Used Manufactured Homes.

The real estate excise tax is paid when real property is sold. Real property consists of land and improvements permanently affixed to the land. The combined state and local tax rate is 1.53 or 1.78 percent in most areas (1.28 percent is the state tax rate).

The sales tax is imposed on retail of most items of tangible personal property and some services. Use tax is imposed on the use of an item in this state, when the acquisition of the item or service has not been subject to sales tax. The combined state and local sales and use tax is between 7 and 8.6 percent, depending on location (6.5 percent is the state tax rate).

The buyer of a new mobile home pays retail sales or use tax. When a person buys a used mobile home permanently affixed to land by placement on a foundation, the buyer pays real estate excise tax of 1.53 or 1.78 percent. However, if a used mobile home is to be moved to a new location, then the buyer must pay the higher retail sales or use tax rate of 7 to 8.6 percent. A buyer of a used mobile home pays only real estate excise tax or retail sales and use tax. A buyer never pays both taxes on the same sales transaction.

General Provisions.

Mobile homes or manufactured homes are defined as a structure, that is designed and constructed to be portable in one or more sections, and is built on a permanent chassis, and is designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. The structure must also comply with the National Manufactured Home Construction and Safety Standards Act of 1974. The term "manufactured home" does not include a modular home, which is constructed to the standards of the state building code.

A manufactured or mobile home is classified as personal property, similar to a vehicle. Under state law, a mobile or manufactured home may be classified as real property when the owner eliminates the title. The elimination of the title is only available to homeowners who own the land to which the manufactured home is attached to. If the manufactured home is sold and moved to another site, the owner must retitle it as personal property until it is moved to another site where the new homeowner owns the land.

Mobile or Manufactured Housing Installer Certification.

A mobile or manufactured home installation includes the on-site installation of an earthquake resistant bracing system.

A manufactured home set-up and installation contractor or local government building inspector may take educational training courses administered by either the Department of Community, Trade, and Economic Development (DCTED) or an approved educational provider as a requirement to take the examination for certification. An approved educational provider means an organization approved by the DCTED to provide education and training of manufactured home installers.

The DCTED must prepare a written training course and examination for all applicants for manufactured home inspector certification by January 1, 1999. After December 1, 1999, no local government building inspector may inspect a manufactured home installation unless certified by the DCTED. The DCTED may charge a fee for certification services.

The permit issued by a local government to install a mobile or manufactured home must include either the name and registration number of the contractor or licensed manufactured home dealer or the certification number of the certified manufactured home installer. A final approval of the installation may not be issued until the certified installer or the installer's agent has posted the installer's certification number and has identified the work being performed on the manufactured home installation. Local governments must bring local codes and ordinances in compliance with these requirements by January 1, 1999.

Zoning Amendments to Allow Manufactured Housing in All Single-Family Zones.

All local governments are required to allow the siting of single-family manufactured homes on individual lots in any zoning district that allow single-family residences. A local government may adopt design standards provided they apply equally to all homes constructed under the state building code and the federal manufactured home construction and safety standards. The manufactured home must meet the energy requirements of the state energy code. Local governments must bring local codes and ordinances in compliance with this requirement by January 1, 1999.

Real Estate Brokers.

The vehicle dealer law is amended to allow a real estate broker to represent anyone regarding the purchase, sale, lease, or exchange of a new or used manufactured home or mobile home that is part of a land sale. A real estate broker may share a commission with a manufactured housing retailer on the sale of a manufactured home that is considered personal property and is sold in conjunction with the sale or lease of land.

Taxation of Used Manufactured Homes.

The buyer of a used mobile or manufactured home pays real estate excise tax on the sales transaction. Retail sales or use tax does not apply, even if the used mobile or manufactured home is to be moved to a new location.

A mobile home is defined as a factory-built dwelling that was constructed before June 15, 1976, to the standards other than the federal manufactured home construction and safety standards. A manufactured home is defined as a single-family dwelling built to the federal manufactured home construction and safety standards.

General Provisions.

The term "manufactured home" is revised to mean a single-family dwelling that is built to the standards of the National Manufactured Home Construction and Safety Standards Act of 1974.

The term "mobile home" is defined as a factory-built dwelling that was constructed before June 15, 1976, to standards other than the National Manufactured Home Construction and Safety Standards Act of 1974.

Summary of Substitute Bill:

Mobile or Manufactured Housing Installer Certification.

A mobile or manufactured home installation includes the on-site installation of an earthquake resistant bracing system.

A manufactured home set-up and installation contractor or local government building inspector may take educational training courses administered by either the Department of Community, Trade, and Economic Development (DCTED) or an approved educational provider as a requirement to take the examination for certification. An approved educational provider means an organization approved by the DCTED to provide education and training of manufactured home installers.

The DCTED must prepare a written training course and examination for all applicants for manufactured home inspector certification by January 1, 1999. After December 1, 1999, no local government building inspector may inspect a manufactured home installation unless certified by the DCTED. The DCTED may charge a fee for certification services.

The permit issued by a local government to install a mobile or manufactured home must include either the name and registration number of the contractor or licensed manufactured home dealer or the certification number of the certified manufactured home installer. A final approval of the installation may not be issued until the certified installer or the installer's agent has posted the installer's certification number and has identified the work being performed on the manufactured home installation. Local governments must bring local codes and ordinances in compliance with these requirements by January 1, 1999.

Zoning Amendments to Allow Manufactured Housing in All Single-Family Zones.

All local governments are required to allow the siting of single-family manufactured homes on individual lots in any zoning district that allow single-family residences. A local government may adopt design standards provided they apply equally to all homes constructed under the state building code and the federal manufactured home construction and safety standards. The manufactured home must meet the energy requirements of the state energy code. Local governments must bring local codes and ordinances in compliance with this requirement by January 1, 1999.

Real Estate Brokers.

The vehicle dealer law is amended to allow a real estate broker to represent anyone regarding the purchase, sale, lease, or exchange of a new or used manufactured home or mobile home that is part of a land sale. A real estate broker may share a commission with a manufactured housing retailer on the sale of a manufactured home that is considered personal property and is sold in conjunction with the sale or lease of land.

Taxation of Used Manufactured Homes.

The buyer of a used mobile or manufactured home pays real estate excise tax on the sales transaction. Retail sales or use tax does not apply, even if the used mobile or manufactured home is to be moved to a new location.

A mobile home is defined as a factory-built dwelling that was constructed before June 15, 1976, to the standards other than the federal manufactured home construction and safety standards. A manufactured home is defined as a single-family dwelling built to the federal manufactured home construction and safety standards.

General Provisions.

The term "manufactured home" is revised to mean a single-family dwelling that is built to the standards of the National Manufactured Home Construction and Safety Standards Act of 1974.

The term "mobile home" is defined as a factory-built dwelling that was constructed before June 15, 1976, to standards other than the National Manufactured Home Construction and Safety Standards Act of 1974.

Substitute Bill Compared to Original Bill: The substitute bill: (a) allows local government building inspectors to take the training courses on mobile home installation; (b) removes the requirement that all cities and counties must enforce the federal and state standards on alterations to manufactured homes, including installation of wood stoves - the Department of Labor and Industries is still responsible for this activity; and (c) corrects minor usage of language/technical changes.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect July 1, 1998.

Testimony For: Manufactured housing provides a source of affordable housing for many people, in particular seniors and first-time home buyers. The bill address a range of issues regarding the installation, siting, and taxation of manufactured homes. The problem is that some local governments do not allow a manufactured home to be sited on an individual lot in areas that allow single-family homes. This provision is needed to increase the supply of affordable housing.

Testimony Against: This bill preempts local government zoning decisions. The number of cities that allow manufactured homes on individual lots have increased, but they were allowed to address the issue at the local city council.

Testified: Representative Carlson, prime sponsor (pro); Representative Quall, sponsor (pro); Mike Ryherd, Joan Brown, Ron Clarke, and Bob Schoos, Washington Manufactured Housing Association (pro); Shirley Thompson (pro); Ray Munson, Mobile Home Owners of America (pro); Bryan Wahl, Washington Association of Realtors (pro); Randy Lewis, city of Tacoma (con -- portions of original bill); Dave Williams, Association of Washington Cities (con -- portions of original bill); and Mark Tripplett, Washington Association of Building Officials (con -- portions of original bill).

HOUSE COMMITTEE ON FINANCE

Majority Report: The second substitute bill be substituted therefor and the second substitute bill do pass and do not pass the substitute bill by Committee on Trade & Economic Development. Signed by 12 members: Representatives B. Thomas, Chairman; Carrell, Vice Chairman; Mulliken, Vice Chairman; Dunshee, Ranking Minority Member; Dickerson, Assistant Ranking Minority Member; Boldt; Mason; Morris; Pennington; Schoesler; Thompson and Van Luven.

Minority Report: Do not pass. Signed by 2 members: Representatives Conway and Kastama.

Staff: Linda Brooks (786-7153).

Summary of Recommendation of Committee on Finance Compared to Recommendation of Committee on Trade & Economic Development: The committee recommends removal of the tax provisions so that retail sales and use tax continues to be owed on the sale of a used mobile or manufactured home that is moved to a new location.

Appropriation: None.

Fiscal Note: Available. New fiscal note requested on February 10, 1998.

Effective Date of Substitute Bill: The bill takes effect on July 1, 1998.

Testimony For: None.

Testimony Against: None.

Testified: None.