

SENATE BILL REPORT

SB 5391

As Reported by Senate Committee On:
Financial Institutions, Economic Development & Trade, February 14, 2019

Title: An act relating to the disclosure of drug production in improved residential real property sales.

Brief Description: Requiring the disclosure of drug production in improved residential real property sales. [**Revised for 1st Substitute:** Concerning seller disclosure requirements in property sales.]

Sponsors: Senators Zeiger, Mullet, Padden, Das, Warnick, Hunt and Keiser.

Brief History:

Committee Activity: Financial Institutions, Economic Development & Trade: 1/22/19, 2/14/19 [DPS, w/oRec].

Brief Summary of First Substitute Bill

- Requires a seller of residential real estate to disclose in writing whether the improved residential property was ever used to manufacture drugs.
- Adds provision to seller disclosure form advising buyers to obtain further inspection if any of the seller's answers include "don't know".

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE

Majority Report: That Substitute Senate Bill No. 5391 be substituted therefor, and the substitute bill do pass.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Wilson, L., Ranking Member; Braun, Das and Hobbs.

Minority Report: That it be referred without recommendation.

Signed by Senator Ericksen.

Staff: Clint McCarthy (786-7319)

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: An improved residential real property is defined in statute as real property consisting of, or improved by, one to four residential dwelling units; a residential condominium; a residential timeshare; or a mobile or manufactured home.

When selling an improved residential real property, the seller is required, with certain exclusions, to provide the buyer with a completed seller disclosure statement. The seller must answer (1) yes, (2) no, or (3) do not know, on a long list of items the seller is required to disclose to a prospective buyer. Disclosures are categorized as follows:

- title;
- water;
- sewer or on-site sewage system;
- structural;
- systems and fixtures;
- homeowners association or common interest;
- environmental;
- manufactured and mobile homes; and
- full disclosure by sellers.

Summary of Bill (First Substitute): A seller of a residential real estate property has a duty to inform the buyer in writing whether the improved residential real property being sold was ever used to manufacture illegal drugs.

EFFECT OF CHANGES MADE BY FINANCIAL INSTITUTIONS, ECONOMIC DEVELOPMENT & TRADE COMMITTEE (First Substitute): The title of the bill is changed to "Relating to seller disclosure requirements in property sales". A provision is added to seller disclosure form advising buyers to obtain further inspection if any of the seller's answers include "don't know".

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 Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Home inspection would cost a lot, but a seller disclosure about being aware of drug manufacturing is a step in a good direction.

OTHER: The seller disclosure form already requires a seller to disclose if drugs have been manufactured in a home under the environmental subsection.

Persons Testifying: PRO: Senator Hans Zeiger, Prime Sponsor.

OTHER: Bob Mitchell, Washington REALTORS.

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