

SENATE BILL REPORT

SSB 5221

As Passed Senate, February 12, 2025

Title: An act relating to simplifying processes and timelines related to personal property distraint.

Brief Description: Simplifying processes and timelines related to personal property distraint.

Sponsors: Senate Committee on Local Government (originally sponsored by Senators Bateman, Nobles and Wagoner).

Brief History:

Committee Activity: Local Government: 1/23/25, 1/30/25 [DPS].

Floor Activity: Passed Senate: 2/12/25, 49-0.

Brief Summary of First Substitute Bill

- Allows delinquent taxes to be canceled as uncollectable if it is the opinion of the county treasurer that the cost of collection and distraint of taxes on mobile homes and manufactured homes on which the title has not been eliminated would cost the county more than the tax amount due.
- Establishes a process for an owner of property in a notice of distraint to apply for a refund of the excess.

SENATE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: That Substitute Senate Bill No. 5221 be substituted therefor, and the substitute bill do pass.

Signed by Senators Salomon, Chair; Lovelett, Vice Chair; Torres, Ranking Member; Bateman and Goehner.

Staff: Karen Epps (786-7424)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background: Mobile and Manufactured Homes. A mobile or manufactured home is a structure designed and constructed to be transportable in one or more sections, built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities that include plumbing, heating, and electrical systems.

A mobile or manufactured home situated on land that belongs to someone other than the homeowner must be titled by the Department of Licensing (DOL) as a vehicle, and it is taxed as personal property.

If the mobile or manufactured home is affixed to land owned by the homeowner, it must either be titled by the DOL or the homeowner may choose to have the title eliminated or not issued. If the title is eliminated or not issued, the application must be recorded in the county property records of the county where the real property to which the home is affixed is located. In that case, the mobile or manufactured home is treated the same as a site-built structure, taxed as real property, and ownership is based on ownership of the real property through real property law.

County Tax Foreclosure and Distraint Sales—Personal Property Taxes. The county treasurer must proceed to collect all personal property taxes after completing the tax roll for the current year. Mobile homes and manufactured homes on which the title has not been eliminated are subject to distraint no sooner than three years after the date personal property taxes became delinquent. Notice by mail must be given to all persons charged with personal property taxes. If personal property taxes are not paid before they become delinquent, the county treasurer must begin delinquent collection efforts by preparing papers in distraint. The papers must contain a description of the property, the amount of taxes—including the amount of deferred taxes that are a lien on the personal property to be distrained—the amount of accrued interest, and the name of the owner.

The county treasurer must then seize sufficient goods and chattel belonging to the person to pay the taxes, interest, and costs described in the distraint papers and proceed to advertise the distraint sale by posting written notices in three public places in the county, including the county courthouse. The notice must state the time and place where the property will be sold. The sale may not be less than ten days after the taking of the property.

If the taxes, interest, and costs are not paid before the date of the sale, the county treasurer must sell the property at public auction. Any amount received in excess of the amount sufficient to pay the taxes, interest, costs, and cost of auction must be paid to the owner of the property.

In the event the county treasurer has reasonable grounds to believe that any personal property, including mobile homes or manufactured homes, or park model trailers, upon which taxes have been levied but not paid, is about to be removed from the county or destroyed, sold, or disposed of, the county treasurer may demand the taxes without notice

and, if necessary, distrain sufficient goods and chattels to pay the amounts owed.

The county treasurer must waive outstanding interest and penalties on delinquent taxes due from the title owner on a mobile or manufactured home if the property is subject to an action for distraint and the title owner:

- meets certain low income thresholds, as verified by the county assessor;
- occupies the mobile or manufactured home as his or her principal place of residence;
- is paying the delinquent base taxes owed on the year or years for which the outstanding interest and penalties are being waived and submits a complete application at least 14 days prior to recording of distraint documents; and
- has not previously received a such a waiver on the property.

Summary of First Substitute Bill: If it is the opinion of the county treasurer that the cost of collection and distraint on mobile homes and manufactured homes on which the title has not been eliminated would cost the county more than the tax amount due, such taxes may be canceled as uncollectible. These taxes must be included on a list prepared by the county treasurer and submitted to the county legislative authority with the list of uncollectable taxes on the first day of February of the following year.

Provisions requiring any amount received in excess of the amount sufficient to pay the taxes, interest, costs, and cost of auction be paid to the owner of the property is removed. If the highest amount bid for any personal property or improvements on real property exceeds the minimum bid due upon the whole property included in the notice of distraint, the excess must be refunded, after an application is received, to the owner of the property. The owner of the property is the person who held the title on the date of issuance of the notice of distraint. Assignments of interests, deeds, or other documents executed or recorded after filing the notice of distraint do not affect the payment of excess funds to the record title owner.

If the owner does not file a claim with the county treasurer within three years after the date of sale, the treasurer must deposit the excess in the current expense fund of the county at the end of the three-year period. At which point, all claims by any owner to the excess funds is extinguished.

A person may have a new certificate of title created by DOL if the mobile home, manufactured home, or park model is purchased in a county treasurer's foreclosure or distraint sale for nonpayment of taxes where no title can be found.

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: This is a good governance bill to provide some discretion for local governments. This bill will help low income and mobile home owners giving the treasurer the ability to waive delinquent taxes if the administration is going after them for more than what is owed. In most cases the mobile or manufactured homes are vacant when this process occurs but under current law any new owner would need to wait three years to apply for title and are not able to get insurance for that time period. This bill would streamline that process so someone else can use that housing sooner. The bill also aligns the process for surplus funds that come from mobile homes with the real property process. The Legislature has improved timeline and requirements for real property foreclosure, but personal property tax payers like mobile home owners are in need of the same improvements.

Persons Testifying: PRO: Senator Jessica Bateman, Prime Sponsor; Jeff Gadman, President, WA Association of County Treasurers; Jennifer Wallace, WA Association of County Officials.

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