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**HOUSE BILL 1966**

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**State of Washington**

**68th Legislature**

**2024 Regular Session**

**By** Representatives Walen and Christian

Prefiled 12/18/23.

1       AN ACT Relating to exempting manufacturing machinery and  
2 equipment from real estate excise tax; amending RCW 82.45.032;  
3 creating a new section; and providing an effective date.

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

5       NEW SECTION.   **Sec. 1.** The legislature finds that manufacturing  
6 is a vital part of Washington state's economy, providing family-wage  
7 jobs throughout the state, accompanied by a multiplier effect that  
8 often makes these employers hubs of their local communities. The  
9 legislature finds that manufacturing jobs in Washington state have  
10 been in decline, losing over 50,000 jobs since the year 2000. The  
11 legislature finds that the enactment in 1995 of a sales and use tax  
12 exemption for manufacturing machinery and equipment under RCW  
13 82.08.02565 and 82.12.02565 intended to exempt such property from  
14 taxation upon a transfer or sale of a manufacturing facility. The  
15 legislature finds that Washington state courts have long  
16 characterized manufacturing machinery and equipment installed in  
17 various manufacturing facilities as personal property. The  
18 legislature finds that the tax treatment of such property varies by  
19 county as some county assessors characterize manufacturing machinery  
20 and equipment as personal property and some place it on real property  
21 rolls, with a tendency to assess real estate excise tax on the

1 latter. The legislature finds that this leads to unequal treatment of  
2 manufacturers across Washington state and, particularly as the real  
3 estate excise tax increases, places an unintended tax burden on  
4 manufacturers. It is the intent of the legislature to enhance  
5 taxpayer equity and resolve this source of uncertainty for all  
6 manufacturers in Washington state. It is the intent of the  
7 legislature to increase the sustainability of the manufacturing  
8 industry in Washington state as well as its competitiveness around  
9 the world to enable manufacturing to continue to be a critical and  
10 growing source of family-wage jobs throughout the state.

11 **Sec. 2.** RCW 82.45.032 and 2001 c 282 s 2 are each amended to  
12 read as follows:

13 Unless the context clearly requires otherwise, the definitions in  
14 this section apply throughout this chapter.

15 (1) "Real estate" or "real property" means any interest, estate,  
16 or beneficial interest in land or anything affixed to land, including  
17 the ownership interest or beneficial interest in any entity which  
18 itself owns land or anything affixed to land. The terms include ~~((s))~~  
19 used mobile homes, used park model trailers, used floating homes, and  
20 improvements constructed upon leased land. The terms do not include  
21 machinery and equipment as defined in RCW 82.08.02565.

22 (2) "Used mobile home" means a mobile home which has been  
23 previously sold at retail and has been subjected to tax under chapter  
24 82.08 RCW, or which has been previously used and has been subjected  
25 to tax under chapter 82.12 RCW, and which has substantially lost its  
26 identity as a mobile unit at the time of sale by virtue of its being  
27 fixed in location upon land owned or leased by the owner of the  
28 mobile home and placed on a foundation (posts or blocks) with fixed  
29 pipe connections with sewer, water, and other utilities.

30 (3) "Mobile home" means a mobile home as defined by RCW  
31 46.04.302, as now or hereafter amended.

32 (4) "Park model trailer" means a park model trailer as defined in  
33 RCW 46.04.622.

34 (5) "Used floating home" means a floating home in respect to  
35 which tax has been paid under chapter 82.08 or 82.12 RCW.

36 (6) "Used park model trailer" means a park model trailer that has  
37 been previously sold at retail and has been subjected to tax under  
38 chapter 82.08 RCW, or that has been previously used and has been  
39 subjected to tax under chapter 82.12 RCW, and that has substantially

1 lost its identity as a mobile unit by virtue of its being permanently  
2 sited in location and placed on a foundation of either posts or  
3 blocks with connections with sewer, water, or other utilities for the  
4 operation of installed fixtures and appliances.

5 (7) "Floating home" means a building on a float used in whole or  
6 in part for human habitation as a single-family dwelling, which is  
7 not designed for self propulsion by mechanical means or for  
8 propulsion by means of wind, and which is on the property tax rolls  
9 of the county in which it is located.

10 NEW SECTION. **Sec. 3.** This act takes effect July 1, 2025.

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