

AMENDED IN SENATE MAY 20, 2015

SENATE BILL

No. 434

Introduced by Senator Allen

February 25, 2015

An act to amend ~~Section 18551 of the Health and Safety Code,~~ *Section 18119 of the Health and Safety Code,* and to amend Sections 5801 and 5802 of, and to add Section 5826 to, *the Revenue and Taxation Code,* relating to ~~manufactured housing;~~ *housing,* to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

SB 434, as amended, Allen. Manufactured housing: vehicle license fee: property taxation.

The Mobilehome Parks Act requires the Department of Housing and Community Development to establish regulations for manufactured home, mobilehome, and commercial modular foundation systems. Existing law requires the installation of a manufactured home, mobilehome, or commercial modular as a fixture or improvement to real property to comply with specified provisions, including obtaining a building permit and submission of plans as required by the department's regulations.

The Vehicle License Fee Law exempts from imposition of the vehicle license fee mobilehomes sold and installed on a foundation system pursuant to the above-described provisions and provides that a mobilehome exempted by this provision is subject to local property taxation. Existing law also requires the Department of Housing and Community Development to transfer a manufactured home or mobilehome which is subject to the vehicle license fee to local property

taxation upon a request executed by the owner, legal owner, and each junior lienholder.

~~This bill would require the owner of a manufactured home or mobilehome to request a transfer from the vehicle license fee to local property taxation in order for the manufactured home or mobilehome to be installed as a fixture or improvement on real property. authorize the assessor to transfer a manufactured home, subject to vehicle license and registration fees, to property taxation where the assessor finds that the manufactured home has been rebuilt to the substantial equivalent of a new residential structure, as specified, and would require the base year value of the manufactured home to be its full cash value on the date of completion of new construction. The bill would require the assessor to notify each assessee whose manufactured home is to be placed on the local assessment roll, and to also give notification to the Department of Housing and Community Development and the legal owner, if any, of the manufactured home. This bill would require the Department of Housing and Community Development to transfer the manufactured home or mobilehome to local property taxation upon notification by the assessor. This bill would also make related conforming changes.~~

This bill would include a change in state statute that would result in a taxpayer paying a higher tax within the meaning of Section 3 of Article XIII A of the California Constitution, and thus would require for passage the approval of ²/₃ of the membership of each house of the Legislature.

This bill would take effect immediately as a tax levy.

Vote: ~~majority~~²/₃. Appropriation: no. Fiscal committee: ~~no~~^{yes}. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 18119 of the Health and Safety Code is
- 2 amended to read:
- 3 18119. (a) If the license fee has not been paid on or before
- 4 the 60th day following the date on which the fee became
- 5 delinquent, the department shall mail a notice to the registered
- 6 owner, legal owner and each junior lienholder shown on the
- 7 permanent title record as of that date, containing the following
- 8 information:
- 9 (1) That the license fee is delinquent.

(2) That the manufactured home or mobilehome will become subject to a penalty of fifty dollars (\$50) per transportable unit pursuant to subdivision (b) of Section 18116, if the fees and penalties are not paid on or before the 120th day after the date of delinquency.

(b) On or before the last day of each calendar month, the department shall furnish a listing of new registrations and transfers of title to manufactured homes and mobilehomes subject to local property taxation under Section 5801 of the Revenue and Taxation Code, and of all voluntary transfers to local property taxation, as provided in subdivision (c), to the county assessor of the county in which the manufactured home or mobilehome is sited.

(c) The department shall transfer a manufactured home or mobilehome which is subject to vehicle license fee to local property taxation upon a request for the transfer, as prescribed by the department, executed by the registered owner, legal owner, and each junior lienholder. Transfer pursuant to this subdivision shall be final. Persons obtaining such a transfer thereby waive all entitlement to petition for reinstatement to the vehicle license fee, and are not entitled to the refund of any vehicle registration fees or vehicle license fees paid which apply to the period between the date of voluntary transfer and the expiration of the registration period for which the fees were paid.

(d) The department shall transfer a manufactured home or mobilehome that is subject to the vehicle license fee to local property taxation upon notification by the assessor that the manufactured home or mobilehome has become subject to local property taxation pursuant to Section 5826 of the Revenue and Taxation Code.

SEC. 2. Section 5801 of the Revenue and Taxation Code is amended to read:

5801. (a) As used in Part 0.5 (commencing with Section 50), Part 1 (commencing with Section 101), Part 2 (commencing with Section 201), and this part, “manufactured home” means a manufactured home as defined in Section 18007 of the Health and Safety Code or a mobilehome as defined in Section 18008 of the Health and Safety Code which:

(1) Was first sold new on or after July 1, 1980.

(2) Was, at the request of the owner, and following his or her notification of the Department of Housing and Community

1 Development and the assessor, made subject to taxation under this
2 part.

3 (3) *Was first sold new on or before June 30, 1980, and following*
4 *his or her notification by the assessor, subsequently made subject*
5 *to taxation under this part.*

6 (b) (1) “Manufactured home,” as used in this part, does not
7 include a manufactured home which has become real property by
8 being affixed to land on a permanent foundation system pursuant
9 to Section 18551 of the Health and Safety Code and is taxed as all
10 other real property is taxed.

11 (2) Except as provided in paragraph (1), a manufactured home,
12 otherwise subject to taxation pursuant to this part, shall not be
13 classified as real property for property taxation purposes that would
14 be excluded from taxation pursuant to this part.

15 *SEC. 3. Section 5802 of the Revenue and Taxation Code is*
16 *amended to read:*

17 5802. (a) Except as provided in subdivisions (b), (c), and (d),
18 “base year value” as used in this part means the full cash value of
19 a manufactured home on the date the manufactured home is
20 purchased or changes ownership. If the manufactured home
21 undergoes any new construction after it is purchased or changes
22 ownership, the base year value of the new construction is its full
23 cash value on the date on which the new construction is completed,
24 and if uncompleted, on the lien date.

25 (b) The base year value of a manufactured home for which the
26 license fee is delinquent shall be its full cash value on the lien date
27 for the fiscal year in which it is first enrolled.

28 (c) The base year value of a manufactured home converted
29 pursuant to Section 18119 of the Health and Safety Code from
30 taxation under Part 5 (commencing with Section 10701) of Division
31 2 to taxation under this part shall be its full cash value on the lien
32 date for the fiscal year in which that manufactured home is first
33 enrolled. A manufactured home that has been converted is not
34 subject to supplemental assessment pursuant to Section 75.5 by
35 reason of the conversion.

36 (d) The base year value of a manufactured home that changes
37 ownership in the same calendar year after a conversion in the same
38 calendar year, shall be its full cash value on the date of the change
39 in ownership and its value shall be enrolled on the next lien date.

1 The change in ownership is not subject to supplemental assessment
2 as provided in Section 75.5.

3 *(e) The base year value of a manufactured home converted*
4 *pursuant to Section 5826 from taxation under Article 6*
5 *(commencing with Section 18114) of Chapter 8 of Part 2 of*
6 *Division 13 of the Health and Safety Code to taxation under this*
7 *part shall be its full cash value on the date of completion of the*
8 *new construction. The completion of new construction is subject*
9 *to supplemental assessment as provided in Section 75.5.*

10 ~~(e) This section shall become operative on January 1, 1999.~~

11 SEC. 4. Section 5826 is added to the Revenue and Taxation
12 Code, to read:

13 5826. (a) The assessor may transfer a manufactured home,
14 subject to vehicle license and registration fees pursuant to Article
15 6 (commencing with Section 18114) of Chapter 8 of Part 2 of
16 Division 13 of the Health and Safety Code, to property taxation
17 under this part, where the assessor finds that the manufactured
18 home has been rebuilt to the substantial equivalent of a new
19 residential structure with a construction completion date of
20 January 1, 2016, or later and deems that the manufactured home
21 is no longer transportable in one or more sections pursuant to
22 Sections 18007 and 18008 of the Health and Safety Code.

23 (b) The assessor shall notify each assessee whose manufactured
24 home is to be placed on the local assessment roll pursuant to this
25 section. The notification shall be given to the Department of
26 Housing and Community Development and the legal owner, if any,
27 of the manufactured home, at the same time it is given to the
28 assessee.

29 SEC. 5. This act provides for a tax levy within the meaning of
30 Article IV of the Constitution and shall go into immediate effect.

31 SECTION 1. ~~Section 18551 of the Health and Safety Code is~~
32 ~~amended to read:~~

33 ~~18551. (a) The department shall establish regulations for~~
34 ~~manufactured home, mobilehome, and commercial modular~~
35 ~~foundation systems that shall be applicable throughout the state.~~
36 ~~When established, these regulations supersede any ordinance~~
37 ~~enacted by any city, county, or city and county applicable to~~
38 ~~manufactured home, mobilehome, and commercial modular~~
39 ~~foundation systems. The department may approve alternate~~
40 ~~foundation systems to those provided by regulation if the~~

1 department is satisfied of equivalent performance. The department
2 shall document approval of alternate systems by its stamp of
3 approval on the plans and specifications for the alternate foundation
4 system. A manufactured home, mobilehome, or commercial
5 modular may be installed on a foundation system as either a fixture
6 or improvement to the real property, in accordance with subdivision
7 (b), or a manufactured home or mobilehome may be installed on
8 a foundation system as a chattel, in accordance with subdivision
9 (e).

10 (b) Notwithstanding any other law, prior to a manufactured
11 home, mobilehome, or commercial modular being deemed a fixture
12 or improvement to the real property, the installation shall comply
13 with all of the following:

14 (1) Prior to installation of a manufactured home, mobilehome,
15 or commercial modular on a foundation system, the manufactured
16 home, mobilehome, or commercial modular owner or a licensed
17 contractor shall obtain a building permit from the appropriate
18 enforcement agency. To obtain a permit, the owner or contractor
19 shall provide the following:

20 (A) Written evidence acceptable to the enforcement agency that
21 the manufactured home, mobilehome, or commercial modular
22 owner owns, holds title to, or is purchasing the real property where
23 the mobilehome is to be installed on a foundation system. A lease
24 held by the manufactured home, mobilehome, or commercial
25 modular owner, that is transferable, for the exclusive use of the
26 real property where the manufactured home, mobilehome, or
27 commercial modular is to be installed, shall be deemed to comply
28 with this paragraph if the lease is for a term of 35 years or more,
29 or if less than 35 years, for a term mutually agreed upon by the
30 lessor and lessee, and the term of the lease is not revocable at the
31 discretion of the lessor except for cause, as described in
32 subdivisions 2 to 5, inclusive, of Section 1161 of the Code of Civil
33 Procedure.

34 (B) Written evidence acceptable to the enforcement agency that
35 the registered owner owns the manufactured home, mobilehome,
36 or commercial modular free of any liens or encumbrances or, in
37 the event that the legal owner is not the registered owner, or liens
38 and encumbrances exist on the manufactured home, mobilehome,
39 or commercial modular, written evidence provided by the legal
40 owner and any lienors or encumbrancers that the legal owner,

1 ~~lienor, or encumbrancer consents to the attachment of the~~
2 ~~manufactured home, mobilehome, or commercial modular upon~~
3 ~~the discharge of any personal lien, that may be conditioned upon~~
4 ~~the satisfaction by the registered owner of the obligation secured~~
5 ~~by the lien.~~

6 ~~(C) Plans and specifications required by department regulations~~
7 ~~or a department-approved alternate for the manufactured home,~~
8 ~~mobilehome, or commercial modular foundation system.~~

9 ~~(D) The manufactured home, mobilehome, or commercial~~
10 ~~modular manufacturer's installation instructions, or plans and~~
11 ~~specifications signed by a California-licensed architect or engineer~~
12 ~~covering the installation of an individual manufactured home,~~
13 ~~mobilehome, or commercial modular in the absence of the~~
14 ~~manufactured home, mobilehome, or commercial modular~~
15 ~~manufacturer's instructions.~~

16 ~~(E) Building permit fees established by ordinance or regulation~~
17 ~~of the appropriate enforcement agency.~~

18 ~~(F) A fee payable to the department in the amount of eleven~~
19 ~~dollars (\$11) for each transportable section of the manufactured~~
20 ~~home, mobilehome, or commercial modular, that shall be~~
21 ~~transmitted to the department at the time the certificate of~~
22 ~~occupancy is issued with a copy of the building permit and any~~
23 ~~other information concerning the manufactured home, mobilehome,~~
24 ~~or commercial modular that the department may prescribe on forms~~
25 ~~provided by the department.~~

26 ~~(2) (A) Within five business days of the issuance of the~~
27 ~~certificate of occupancy for the manufactured home, mobilehome,~~
28 ~~or commercial modular by the appropriate enforcement agency,~~
29 ~~the enforcement agency shall record a document naming the owner~~
30 ~~of the real property, describing the real property with certainty,~~
31 ~~and stating that a manufactured home, mobilehome, or commercial~~
32 ~~modular has been affixed to that real property by installation on a~~
33 ~~foundation system pursuant to this subdivision. The document~~
34 ~~shall be recorded with the county recorder of the county where the~~
35 ~~real property, upon which the manufactured home, mobilehome,~~
36 ~~or commercial modular that has been installed, is situated.~~

37 ~~(B) When recorded, the document referred to in subparagraph~~
38 ~~(A) shall be indexed by the county recorder to the named owner~~
39 ~~and shall be deemed to give constructive notice as to its contents~~
40 ~~to all persons thereafter dealing with the real property.~~

1 ~~(C) Fees received by the department pursuant to subparagraph~~
2 ~~(F) of paragraph (1) shall be deposited in the~~
3 ~~Mobilehome-Manufactured Home Revolving Fund established~~
4 ~~under subdivision (a) of Section 18016.5.~~

5 ~~(3) The certification of title and other indicia of registration~~
6 ~~shall be surrendered to the department pursuant to regulations~~
7 ~~adopted by the department providing for the cancellation of~~
8 ~~registration of a manufactured home, mobilehome, or commercial~~
9 ~~modular that is permanently attached to the ground on a foundation~~
10 ~~system pursuant to this subdivision. For the purposes of this~~
11 ~~subdivision, permanent affixation to a foundation system shall be~~
12 ~~deemed to have occurred on the day a certificate of occupancy is~~
13 ~~issued to the manufactured home, mobilehome, or commercial~~
14 ~~modular owner and the document referred to in subparagraph (A)~~
15 ~~of paragraph (2) is recorded. Cancellation shall be effective as of~~
16 ~~that date and the department shall enter the cancellation on its~~
17 ~~records upon receipt of a copy of the certificate of occupancy. This~~
18 ~~subdivision shall not be construed to affect the application of~~
19 ~~existing laws, or the department's regulations or procedures with~~
20 ~~regard to the cancellation of registration, except as to the~~
21 ~~requirement therefor and the effective date thereof.~~

22 ~~(4) Once installed on a foundation system in compliance with~~
23 ~~this subdivision, a manufactured home, mobilehome, or commercial~~
24 ~~modular shall be deemed a fixture and a real property improvement~~
25 ~~to the real property to which it is affixed. Physical removal of the~~
26 ~~manufactured home, mobilehome, or commercial modular shall~~
27 ~~thereafter be prohibited without the consent of all persons or~~
28 ~~entities who, at the time of removal, have title to any estate or~~
29 ~~interest in the real property to which the manufactured home,~~
30 ~~mobilehome, or commercial modular is affixed.~~

31 ~~(5) For the purposes of this subdivision:~~

32 ~~(A) "Physical removal" shall include, without limitation, the~~
33 ~~unattaching of the manufactured home, mobilehome, or commercial~~
34 ~~modular from the foundation system, except for temporary~~
35 ~~purposes of repair or improvement thereto.~~

36 ~~(B) Consent to removal shall not be required from the owners~~
37 ~~of rights-of-way or easements or the owners of subsurface rights~~
38 ~~or interests in or to minerals, including, but not limited to, oil, gas,~~
39 ~~or other hydrocarbon substances.~~

1 ~~(6) At least 30 days prior to a legal removal of the manufactured~~
2 ~~home, mobilehome, or commercial modular from the foundation~~
3 ~~system and transportation away from the real property to which it~~
4 ~~was formerly affixed, the manufactured home, mobilehome, or~~
5 ~~commercial modular owner shall notify the department and the~~
6 ~~county assessor of the intended removal of the manufactured home,~~
7 ~~mobilehome, or commercial modular. The department shall require~~
8 ~~written evidence that the necessary consents have been obtained~~
9 ~~pursuant to this section and shall require application for either a~~
10 ~~transportation permit or manufactured home, mobilehome, or~~
11 ~~commercial modular registration, as the department may decide~~
12 ~~is appropriate to the circumstances. Immediately upon removal,~~
13 ~~as defined in this section, the manufactured home, mobilehome,~~
14 ~~or commercial modular shall be deemed to have become personal~~
15 ~~property and subject to all laws governing the same as applicable~~
16 ~~to a manufactured home, mobilehome, or commercial modular.~~

17 ~~(7) When an owner of a manufactured home or a mobilehome~~
18 ~~subject to the vehicle license fee submits building plans to, and~~
19 ~~requests building permits from, the department pursuant to~~
20 ~~paragraph (1) to rebuild the manufactured home or mobilehome~~
21 ~~on a foundation system, leaving only the chassis of the original~~
22 ~~home in place, the manufactured home or mobilehome owner shall~~
23 ~~also request a transfer from the vehicle license fee to local property~~
24 ~~taxation as specified in subdivision (c) of Section 18119.~~

25 ~~(c) The installation of a manufactured home or a mobilehome~~
26 ~~on a foundation system as chattel shall be in accordance with~~
27 ~~Section 18613 and shall be deemed to meet or exceed the~~
28 ~~requirements of Section 18613.4. This subdivision shall not be~~
29 ~~construed to affect the application of sales and use or property~~
30 ~~taxes. No provisions of this subdivision are intended, nor shall~~
31 ~~they be construed, to affect the ownership interest of any owner~~
32 ~~of a manufactured home or mobilehome.~~

33 ~~(d) Once installed on a foundation system, a manufactured home,~~
34 ~~mobilehome, or commercial modular shall be subject to~~
35 ~~state-enforced health and safety standards for manufactured homes,~~
36 ~~mobilehomes, or commercial modulars enforced pursuant to~~
37 ~~Section 18020.~~

38 ~~(e) No local agency shall require that any manufactured home,~~
39 ~~mobilehome, or commercial modular currently on private property~~
40 ~~be placed on a foundation system.~~

1 ~~(f) No local agency shall require that any manufactured home~~
2 ~~or mobilehome located in a mobilehome park be placed on a~~
3 ~~foundation system.~~

4 ~~(g) No local agency shall require, as a condition for the approval~~
5 ~~of the conversion of a rental mobilehome park to a resident-owned~~
6 ~~park, including, but not limited to, a subdivision, cooperative, or~~
7 ~~condominium for mobilehomes, that any manufactured home or~~
8 ~~mobilehome located there be placed on a foundation system. This~~
9 ~~subdivision shall only apply to the conversion of a rental~~
10 ~~mobilehome park that has been operated as a rental mobilehome~~
11 ~~park for a minimum period of five years.~~