

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-1392/1	Introduction Number AB-127
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Subject
 Recreational mobile home

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Increase Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Create New Appropriations			<input type="checkbox"/> Decrease Costs

Local:

<input type="checkbox"/> No Local Government Costs	<input type="checkbox"/> Indeterminate	5. Types of Local Government Units Affected	
1. <input checked="" type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	<input checked="" type="checkbox"/> Towns	<input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Counties	<input type="checkbox"/> Others
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	<input type="checkbox"/> School Districts	<input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DOR/ Rebecca Boldt (608) 266-6785	Authorized Signature Dennis Collier (608) 266-5773	Date 3/24/2003
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Fiscal Estimate Narratives

DOR 3/24/2003

LRB Number	03-1392/1	Introduction Number	AB-127	Estimate Type	Original
Subject					
Recreational mobile home					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a recreational mobile home is exempt from personal property tax if the mobile home is no larger than 400 square feet and is used primarily as temporary living quarters for recreational, camping, travel or seasonal purposes. Under current law, attachments that are affixed to a recreational mobile home, such as a deck or porch, are considered part of the total square footage of the mobile home. However, a deck that is next to, but not affixed to a mobile home would, under current law, be considered taxable improvement on leased land and would not be considered part of the total square footage of the mobile home. Under current law, a mobile home is classified as taxable real property if it is set upon a foundation on land that is owned by the mobile home owner and is connected to utilities.

Under the bill, a recreational mobile home is exempt personal property if the mobile home has a gross trailer area not exceeding 400 square feet in the set-up mode; it is built on a single chassis mounted on wheels; it is certified by the manufacturer as complying with the American National Standards Institute Code for such homes; and it is used primarily for recreational, camping, travel or seasonal purposes. Any attachments to an exempt recreational mobile home that does not exceed 400 square feet is also exempt. However, the attachment may not be another exempt mobile home.

Assuming that the 400 square foot size limit for the gross trailer area of the mobile home refers to the trailer's exterior, the bill would not significantly broaden the exemption for recreational mobile homes. However, under the bill, 400 square foot recreational mobile homes that are currently taxable due to attachments would be exempt so long as the attachments do not exceed 400 square feet.

Since recreational mobile homes set upon a foundation on land owned by the mobile home owners are taxable real estate, it is assumed that the bill would affect primarily recreational mobile homes located on leased land and campgrounds. Based on information from the Wisconsin Association of Campground Owners, there are approximately 7,000 campsites rented for seasonal purposes in the state. Discussions with campground owners suggest that there is a high occupancy rate for these sites. For purposes of the analysis, the following assumptions are made: 1) there are 7,000 recreational mobile homes that are classified personal property; 2) 75% of these recreational mobile homes have some type of attachment that is 400 square feet or less; and 3) 25% of the mobile homes with attachments are taxable as a result of the size limit. It is also assumed that in the case of multiple attachments, the bill exempts the attachments only if all attachments combined do not exceed 400 square feet.

Thus, the bill would exempt approximately 1,300 recreation mobile homes that are currently taxable as a result of attachments exceeding the 400 square foot limit ($7,000 \times 75\% \times 25\%$). Assuming the average value of a recreational mobile home is \$15,000 and a tax rate of \$20.00 per \$1,000 of taxable value, the bill would result in a tax shift of approximately \$390,000 ($\$1,300 \times \$15,000 \times .02$) from owners of recreational mobile homes to other taxpayers. To the extent that exempt attachments have significant value, as in the case of porches or sunrooms, the tax shift will be greater. This is particularly the case if there are multiple attachments and each attachment of less than 400 square feet is exempt.

The bill would require modifications to the Wisconsin Property Assessment Manual, the cost of which can be absorbed. Local assessors and the department would be required to purchase the ANSI Code to ensure compliance with the law. Assuming there are 500 assessors responsible for tax rolls in the state and the ANSI Code 119.5 costs \$37, local costs would increase \$185,000 statewide ($500 \times \37).

Long-Range Fiscal Implications