

Fiscal Estimate Narratives

DOR 10/13/2005

LRB Number	05-1982/2	Introduction Number	SB-326	Estimate Type	Original
Subject					
Personal property tax exemption for recreational mobile homes					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a recreational mobile home no larger than 400 square feet and used as temporary living quarters for recreational, camping, travel, or seasonal purposes is exempt from personal property taxes. In addition, such a recreational mobile home is not subject to parking permit fees. 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 a 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 no larger than 400 square feet and used as temporary living quarters for recreational, camping, travel, or seasonal purposes would be exempt from personal property taxes. The exemption would not apply to and would not be determined upon any aftermarket addition, attachment, annex, foundation, or appurtenance adjoining or affixed to a recreational mobile home. As a result of the bill, recreational mobile homes that are currently taxable due to attachments would be exempt as long as they do not exceed 400 square feet (excluding attachments) and any aftermarket additions would be taxable as improvements on leased land. A technical amendment to the bill may be necessary to achieve this result.

Since recreational mobile homes set on foundations 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 found on the Wisconsin Association of Campground Owners' website, there are approximately 8,000 campsites rented for seasonal purposes in the state. For purposes of the analysis, the following assumptions are made: 1) there are 8,000 recreational mobile homes that are classified as personal property, 2) 75% of these recreational mobile homes have some type of attachment, and 3) 25% of these mobile homes with attachments are taxable as a result of the size limit.

Thus, the bill would exempt approximately 1,500 recreational mobile homes that are currently taxable as a result of attachments that cause the recreational mobile homes to exceed the 400 square foot limit (8,000 x 75% x 25%). Assuming the average value of a recreational mobile home without additions is \$10,000 and a tax rate of \$19.64 per \$1,000 of taxable value, the bill would result in a tax shift of approximately \$295,000 (1,500 x \$10,000 x 0.01964) from owners of recreational mobile homes to other taxpayers. Aftermarket additions to these recreational mobile homes would remain subject to property taxes. In addition, aftermarket additions exempt under current law based on exempt square footage would become taxable. The Department does not have data about the value of such aftermarket additions to estimate the fiscal impact.

The bill would require modifications to the Wisconsin Property Assessment Manual, the cost of which can be absorbed.

Long-Range Fiscal Implications