

## Fiscal Estimate - 2007 Session

Original
  Updated
  Corrected
  Supplemental

<b>LRB Number</b> <b>07-0291/2</b>	<b>Introduction Number</b> <b>AB-0021</b>	
<b>Description</b> Revisions in terminology that affect mobile homes, manufactured homes, modular homes, manufactured buildings, recreational vehicles, and mobile and manufactured home communities, and changes that apply to monthly fees collected by certain local governmental units		
<b>Fiscal Effect</b>		
<b>State:</b>		
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <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		
<b>Local:</b>		
<input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs      3. <input type="checkbox"/> Increase Revenue <b>5. Types of Local Government Units Affected</b> <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs      4. <input type="checkbox"/> Decrease Revenue <input checked="" type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts		
<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>	
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS		
<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

DOR 2/14/2007

LRB Number	07-0291/2	Introduction Number	AB-0021	Estimate Type	Original
<b>Description</b> Revisions in terminology that affect mobile homes, manufactured homes, modular homes, manufactured buildings, recreational vehicles, and mobile and manufactured home communities, and changes that apply to monthly fees collected by certain local governmental units					

### Assumptions Used in Arriving at Fiscal Estimate

The bill standardizes several definitions across statutory chapters relating to the mobile and manufactured housing industry and updates general language and terms. The definitional changes may modify how particular properties are treated under the property tax, sales tax, and certain income tax credits.

#### DEFINITIONS

##### Mobile Home

The bill standardizes the definition of a "mobile home" to the definition under section 101.91(10) of the Wisconsin statutes. Under this definition, a mobile home is a vehicle with an overall length in excess of 45 feet that is manufactured or assembled before June 15, 1976, and designed to be towed as a single unit or in sections upon a highway by a motor vehicle, if it is equipped and used, or intended to be used, primarily for human habitation and has walls of rigid uncollapsible construction. It includes structure, plumbing, heating, air conditioning, electrical systems, appliances, and other equipment carrying a warranty.

##### Manufactured Home

The bill standardizes definitions of a "manufactured home" in various sections of the statutes by reference to section 101.91(2) of the Wisconsin statutes. Under this section, a manufactured home includes a structure designed to be used as a dwelling, with or without a permanent foundation, that is certified by the federal department of housing and urban development as complying with the standards of 42 USC 5401 to 5425, or a mobile home, unless specifically excluded under the applicable statute.

USC 5402 of Title 42 defines a manufactured home as a structure, transportable in one or more sections, which, in traveling mode, is eight body feet or more in width or 40 body feet or more in length, or when erected on site, is 320 or more square feet, and which is 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, and includes the plumbing, heating, air-conditioning, and electrical systems contained therein, except that the term shall include any structure which meets all these requirements except the size requirements if the manufacturer voluntarily files a certification required by the secretary of the federal Department of Housing and Urban Development and complies with the standards established under this title. A manufactured home does not include any self propelled recreational vehicle.

##### Modular Home

The definition of a "modular home" under the bill references the current law definition of a manufactured building under section 101.71(6) of the Wisconsin statutes. It means any structure or component thereof that is intended for use as a dwelling and is (1) a building of closed construction that is fabricated or assembled in manufacturing facilities for installation, connection, or assembly and installation, at the building site, or (2) a building of open construction which is made or assembled in manufacturing facilities away from the building site for installation, connection, or assembly and installation, on the building site and for which certification is sought by the manufacturer. A modular home does not include a manufactured home under sections 101.91 (2) or (10).

##### Recreational Mobile Home

A recreational mobile home is defined under current law as a mobile home that is no larger than 400 square feet, is certified as complying with the standards by the American Standards Institute in code ANSI 119.5 and that is primarily used as temporary living quarters for recreational, camping, travel or seasonal

purposes. The definition under the bill incorporates the amended definition of mobile home into the definition of recreational mobile home. As a result, a recreational mobile home would have to be manufactured or assembled prior to June 15, 1976.

#### Recreational Vehicle

The definition of a "recreational vehicle" under the bill is by reference to section 340.01(48r) of the Wisconsin statutes. A recreational vehicle under this provision is designed to be towed upon a highway by a motor vehicle and is equipped and used, or intended to be used, primarily for temporary or recreational human habitation, with walls of rigid construction, and does not exceed 45 feet in length.

#### PROPERTY TAX

Under current property tax law a "mobile home" is defined as that which is, or was originally constructed or designed, to be transported by any motor vehicle upon a public highway and is designed, equipped and used primarily for sleeping, eating and living quarters, or is intended to be so used, including any additions, attachments, annexes, foundations, and appurtenances.

Under current property tax law, a recreational mobile home means a mobile home that is no larger than 400 square feet, or that is certified by the manufacturer as complying with the code promulgated by the American National Standards Institute as ANSI 119.5 and that is used primarily as temporary living quarters for recreational, camping, travel, or seasonal purposes. Recreational mobile homes are exempt from monthly parking fees. The exemption includes steps and platforms that do not exceed 50 square feet that lead to a recreational mobile home, but does not include other additions, attachments, patios or decks.

The bill amends the definition of mobile home and inserts references to manufactured homes in various property tax provisions. By reference to the definition of mobile homes, the bill amends the definition of recreational mobile home and adds references to recreational vehicles in provisions dealing with recreational mobile homes. The bill renames manufactured buildings as "manufactured homes."

Additions, attachments, annexes, foundations, and appurtenances would likely become subject to personal property taxes rather than to the current mobile home parking permit fee under the bill. Changes in the definitions of these properties, and changes in the dimensions that determine the classification of other properties, may change whether the properties are taxed as real property, personal property or property subject to the mobile home fees, which can affect the costs to administer the property tax on the properties. It is generally more costly to collect taxes on a mobile home classified as personal property. The additional cost may be due to the difficulty in obtaining information regarding mobile home owners and billing addresses, especially when owners are part-time residents.

The bill makes other changes to current licensing requirements and fees for mobile home parks.

Under current law, a mobile home park is a plot of ground with two or more mobile home units. A license is issued by the clerk of a licensing authority (a city, town or village where a mobile home park is located) after certain requirements are met, including the submission of plans and specifications showing that the park would be in compliance with local ordinances and the Department of Health and Family Services (DHFS) requirements, approval by the licensing authority, and completion of the work according to the plans.

Also under current law, a monthly fee in lieu of property taxes is required to be paid to the licensing municipality by the mobile home owner. The operator of the mobile home park is also liable for this amount. No monthly fee is imposed on mobile homes occupied for less than 60 days within any 12 months if the occupants are tourists or vacationers.

The bill would make several changes to the current mobile home licensing and monthly parking fee requirements contained in section 66.0435 of the Wisconsin statutes. The bill would:

- Delete the exemption from the monthly parking fee for all recreational mobile homes (including steps and decks that do not exceed 50 square feet) that no longer fall under the amended definition of recreational mobile homes.
- Repeal the exemption for tourists and vacationers who occupy a mobile home for 60 days or less.
- Delete additions, attachments, annexes, foundations, and appurtenances from the definition of mobile homes subject to the mobile home parking fee.
- Increase the number of units from two to three before a license is required.
- Delete the requirement to file plans and specifications with the license application that would show that the park would comply with applicable local ordinances and DHFS requirements.

- Delete the provision that a municipal clerk would issue a mobile home park license only after work identified in the plans had been completed and after the municipality had approved the license.
- Provide that the mobile home park operator would not be liable for monthly fees until the licensing municipality had failed in a small claims action against the owner and occupant of the mobile home.
- Provide that no monthly fee could be imposed on a financial institution for vacant homes that had been repossessed.

While data is not available to estimate the fiscal impact of these changes, some of the provisions will have an impact on property tax collections and costs to administer the property tax. Deleting the exemption for recreational mobile homes from the mobile home parking fee and repealing the exemption for tourists and vacationers who occupy the mobile home for 60 days or less would increase monthly mobile home fees by an unknown amount. Other provisions, such as taxing additions as personal property while the mobile home is taxed under the mobile home park fee and requiring the municipality to pursue the mobile home owner in small claims court before collecting the amount from the park operator, would increase costs to administer the mobile home parking fees.

#### **SALES TAX AND VEHICLE RENTAL FEE**

Under current law, section 77.54 (31) exempts sales of used mobile homes that are primary housing units from sales tax. Under the bill, "mobile homes" refers to certain housing built prior to January 15, 1976. Under the bill, sales of used mobile homes built before January 15, 1976, would remain exempt but, absent an amendment to the exemption under section 77.54 (31), sales of used "manufactured homes" and "modular homes" that are primary housing units would become subject to sales tax. An estimate of the fiscal effect of imposing sales tax on sales of used "manufactured homes" and "modular homes" that are primary housing units is not available.

The bill does not have a fiscal effect on state rental vehicle fees if the technical comments regarding chapter 77 of the statutes are addressed. If not, the bill may have an unknown, minor fiscal effect.

#### **INDIVIDUAL INCOME TAX CREDITS**

The terminology for rent constituting property taxes under the school property tax credit and for gross rent under the homestead credit would be modified to include the amended definition of mobile home and the created definition of manufactured homes under the bill. To the extent that the definitional changes of mobile and manufactured homes impact the amount of property tax that would be eligible for these credits, there would be a fiscal effect. An estimate of the fiscal impact of this change is not available.

#### **Long-Range Fiscal Implications**