

**FISCAL ESTIMATE FORM**

**1999 Session**

- ORIGINAL     UPDATED  
 CORRECTED     SUPPLEMENTAL

LRB #	99-3449/1
INTRODUCTION #	AB 692
Admin. Rule #	

**Subject**  
**Expand Methods of Payment of Personal Property Taxes on Mobile Homes**

**Fiscal Effect**  
**State:**  No State Fiscal Effect  
 Check columns below only if bill makes a direct appropriation or affects a sum sufficient appropriation

<input type="checkbox"/> Increase Existing Appropriation	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be Possible to Absorb Within Agency's Budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Decrease Existing Appropriation	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Create New Appropriation	<input type="checkbox"/> Decrease Costs	

**Local:**  No Local Government Costs    **see text of fiscal note**

1. <input checked="" type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Governmental Units Affected: <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Villages <input checked="" type="checkbox"/> Cities <input checked="" type="checkbox"/> Counties <input checked="" type="checkbox"/> Others <u>special districts</u> <input checked="" type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts
2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	4. <input type="checkbox"/> Decrease Revenues <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

<b>Fund Sources Affected</b> <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEG-S	<b>Affected Ch. 20 Appropriations</b>
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**Assumptions Used in Arriving at Fiscal Estimate:**

Current law distinguishes 3 types of mobile homes for property tax purposes: (1) mobile homes that are subject to a municipal mobile home ordinance, the majority of mobile homes, are exempt from property taxes but pay a monthly mobile home fee; (2) mobile homes classified as real property may pay property taxes in installments; and (3) mobile homes classified as personal property must pay property taxes in full on or before January 31. A mobile home is classified as personal property if it is located on land not owned by the mobile home owner, if the mobile home is not set upon a foundation, or if the mobile home is not connected to utilities.

Under the bill, property taxes on mobile homes that are classified as personal property may be paid in 2 equal installments, with the first installment payable on or before January 31 and the second installment payable on or before July 31. Also under the bill, a taxation district may enact an ordinance allowing for payment of personal property taxes on mobile homes in 3 or more installments. The bill provides that if the total personal property tax on a mobile home is less than \$100, the total tax is payable on or before January 31. In addition, the bill provides that if an installment of property taxes on a mobile home classified as personal property is not paid timely, the total unpaid tax is delinquent. The bill does not apply to the City of Milwaukee.

**Summary of Fiscal Effect.** The bill has 3 minor fiscal effects:

1. The annual interest cost to taxing jurisdictions of forgone interest earnings of about \$10,000.
2. Minor costs to program county property tax payment systems to allow for installments of mobile home taxes.
3. Minor costs to counties to process about 1,650 second and subsequent property tax installments.

(continued on page two)

**Long-Range Fiscal Implications:**

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FISCAL ESTIMATE FORM

AB 692 (LRB 3449/1)

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A survey of the property listers and county treasurers of 29 counties found 4,460 mobile homes classified as personal property, with a total assessed value of \$45.4 million in 1999. The survey indicates considerable variation among counties in the number of mobile homes classified as personal property, ranging from 858 in Oneida County to 9 in Walworth County. The fiscal note assumes that there are 11,000 mobile homes statewide classified as personal property with a total full value of \$120 million.

Interest. At the 1999 statewide average net property tax rate of \$21.47 per \$1,000 of value, owners of mobile homes classified as personal property would pay about \$2.6 million ( $\$120 \text{ mil.} \times .02147$ ) in property taxes. Overall, about 25% of property taxes on real property are deferred but, since mortgage lenders often require payment of property taxes by January 31, it is assumed that owners of mobile homes classified as personal property would defer only about 15% of property taxes or about \$400,000 ( $\$2.6 \text{ mil.} \times 15\%$ ). Since taxing jurisdictions will not receive deferred taxes until August under the bill, taxing jurisdictions would forgo 6 months' interest earnings or, assuming an annual interest rate of 5%, about \$10,000 ( $\$400,000 \times 5\% \times 6/12$ ).

Programming Costs. Under the bill, counties would incur programming costs to adapt their payment systems to process installment payments of property taxes on mobile homes classified as personal property. Since counties already process installments of taxes on real property, programming costs under the bill are not expected to be significant.

Processing Costs. Under current law, the 11,000 owners of mobile homes classified as personal property are required to pay their taxes in full to the municipal treasurer by January 31. Under the bill, some of these owners will elect to make a second payment, which is collected by the county treasurer. The costs to the county of processing about 1,650 additional installment payments ( $15\% \times 11,000$ ) are likely to be minimal.

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**FISCAL ESTIMATE WORKSHEET**

Detailed Estimate of Annual Fiscal Effect

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**LRB # 99-3449/1**

**Admin. Rule #**

**INTRODUCTION # AB 692**

**Subject**

**Expand Methods of Payment of Personal Property Taxes on Mobile Homes**

**I. One-Time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):**

II. Annualized Costs:		Annualized Fiscal impact on State funds from:	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringe		\$	\$ -
(FTE Position Changes)		( FTE)	( - FTE)
State Operations-Other Costs			-
Local Assistance			-
Aids to Individuals or Organizations			-
<b>TOTAL State Costs by Category</b>		\$	\$ -
<b>B. State Costs by Source of Funds</b>		<b>Increased Costs</b>	<b>Decreased Costs</b>
GPR		\$	\$ -
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		<b>Increased Rev.</b>	<b>Decreased Rev.</b>
GPR Taxes		\$	\$ -
GPR Earned			-
FED			-
PRO/PRS			-
SEG/SEG-S			-
<b>TOTAL State Revenues</b>		\$	\$ -

**NET ANNUALIZED FISCAL IMPACT**

STATE

LOCAL

NET CHANGE IN COSTS

\$ \_\_\_\_\_

\$ see text of fiscal note

NET CHANGE IN REVENUES

\$ \_\_\_\_\_

\$ \_\_\_\_\_

Agency/Prepared by: (Name & Phone No.)

Authorized Signature/Telephone No.

Date

Wisconsin Department of Revenue

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2/24/00

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