

**2007 DRAFTING REQUEST**

**Assembly Amendment (AA-AB21)**

Received: **02/14/2007**

Received By: **rkite**

Wanted: **As time permits**

Identical to LRB:

For: **John Townsend (608) 266-3156**

By/Representing: **John**

This file may be shown to any legislator: **NO**

Drafter: **rkite**

May Contact:

Addl. Drafters: **jkreye**

Subject: **Buildings/Safety - misc.**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Townsend@legis.wisconsin.gov**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Various changes

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**Instructions:**

See Attached

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	rkite 02/14/2007			_____			
/1	jkreye 02/14/2007	kfollett 02/14/2007	jfrantze 02/15/2007	_____	sbasford 02/15/2007	sbasford 02/15/2007	

FE Sent For:

<END>

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/?	rkite 02/14/2007 jkreye	1/1 kif 2/14	[Signature] 2/15	Self 2/15			

FE Sent For:

<END>

**Kreye, Joseph**

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**From:** Kite, Robin  
**Sent:** Wednesday, February 14, 2007 1:49 PM  
**To:** Kreye, Joseph  
**Subject:** FW: SB 7 tech amendment instructions memo responding to DOR tech memo.  
**Attachments:** SB7 tech amendment instructions.doc; SB 7 DOR tech memo.doc

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**From:** Luke Rollins [mailto:luke@housingalliance.us]  
**Sent:** Wednesday, February 14, 2007 1:19 PM  
**To:** Kite, Robin  
**Cc:** Flynn, John; Groves, Monica; Matthias, Mary; Grosz, Scott  
**Subject:** SB 7 tech amendment instructions memo responding to DOR tech memo.

John & Monica:  
CC: Robin, Mary & Scott

Thank you for your patience as we reviewed DOR's technical memo. The majority of DOR's comments will improve references to the bill to ensure we do not change any current law, policy, etc.

Attached are the technical amendment instructions that we would recommend the Townsend/Lassa office submit to LRB for drafting of a technical amendment.

If it is possible to prepare the amendment in time, the Assembly Housing meets at 11:00 tomorrow morning. The initial plan of the Assembly Housing Committee was to exec the bill.

LRB, thank you for all of your hard work on this drafting over the last few years!

Thank you so much!  
Luke

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Website: <http://www.housingalliance.us>

**MEMORANDUM**

February 13, 2007

AB21

**TO:** Robin Kite  
Legislative Reference Bureau

**FROM:** Paul Ziegler  
Department of Revenue

**SUBJECT:** Technical Memorandum on SB 7: Mobile and Manufactured Home Definitions

The Department has the following technical comments and concerns regarding the bill that are organized by tax type:

**Property Tax**

The proposed definitions of mobile homes and manufactured homes do not mention additions, attachments, annexes, foundations, and appurtenances. Many mobile homes (as defined under current law) include additions, attachments, annexes, foundations, and appurtenances that are taxable as real or personal property under current law, or subject to monthly parking permit fees. Without language referencing the additions and attachments, the assessor may not be able to assess and tax the structures. It is not clear how additions, attachments, annexes, foundations, and appurtenances are intended to be treated under the bill. The following examples illustrate the potential issue:

- Section 70.112(7) exempts property from taxation because it is subject to a special tax, in particular, the monthly municipal permit fee. In this bill, it appears that the additions, attachments, annexes, foundations and appurtenances would not be considered part of the mobile home subject to the fee. As a result, it appears that they would become classified and taxed as personal property, increasing the administrative burden for municipalities and requiring owners to pay property tax through an annual property tax bill rather than as part of their monthly mobile home fee that is spread over a 12-month period.
- Section 66.0435(3)(c)1.a requires the assessor to value each mobile and manufactured home that is subject to the monthly municipal permit fee. In this bill, it appears that additions, attachments, annexes, foundations, and appurtenances would not be considered part of the mobile or manufactured home subject to the fee and included in the value determined by the assessor for fee purposes. As with property under section 70.112(7), it appears that these structures would become classified and taxed as personal property, increasing the administrative burden for municipalities and requiring owners to pay property tax through an annual property tax bill rather than as part of their monthly mobile home fee that is spread over a 12-month period.

- Section 70.043(1) defines mobile and manufactured homes as improvements to real property if they are set on land which is owned by the mobile home owner. Without the reference to additions, attachments, annexes, foundations, and appurtenances, it is not clear if they would still be considered improvements to real property.
- Section 70.043(2) defines mobile and manufactured homes as personal property if they are set on land which is not owned by the mobile home owner. Without the reference to additions, attachments, annexes, foundations, and appurtenances, it is not clear if they would still be considered personal property.

Under current law, section 66.0435(3)(cm) exempts recreational mobile homes and a platform and steps not exceeding 50 square feet from the mobile home parking fee. The bill does not include recreational vehicles in that exemption. If it is the author's intent to exempt recreational vehicles, then section 66.0435(3)(cm) should be amended to include a reference to recreational vehicles.

The bill uses different dimensions in defining types of mobile, manufactured or recreational mobile homes that could result in confusion when trying to apply the correct definition and corresponding tax treatment to a particular property. Some definitions use a 40-foot length, others a 45-foot length. Similarly, some use 400 square feet and others use 320 square feet.

- The definition of a mobile home under the bill would refer to section 101.91(10) of the Wisconsin statutes which limits its application to vehicles manufactured before June 15, 1976, with an overall length in excess of 45 feet.
- A recreational mobile home under 66.0435(1)(hm) incorporates the definition of mobile home. As a result, it would apply to mobile homes assembled before June 15, 1976 with an overall length in excess of 45 feet that meet the ANSI 119.5 requirements and which are no larger than 400 square feet.
- A manufactured home is defined under the bill in section 101.91(2) of the statutes and would include a mobile home or a structure complying with federal standards contained in 42 USC 5401 to 5425. 42 USC 5402 defines a manufactured home as one in traveling mode that has a width of eight feet or more and a length of 40 feet or more, or when erected on the site is 320 or more square feet.
- A recreational vehicle under section 340.01(48r) of the bill may not exceed 45 feet in length.

Section 101.91(2) requires a manufactured home to be certified by HUD under 42 USC 5401 to 5425. It is unclear how amendments to the size requirements under 42 USC 5402 would apply to property taxes. An older manufactured home certified under previous size requirements would allow it different treatment than a property of the same size that does not meet the current size requirements. At one time, the applicable dimensions were 32 feet in length.

Current law exempts recreational mobile homes and steps or a platform not exceeding 50 square feet from the monthly parking fee, but the bill does not include recreational vehicles in that exemption. If this exemption is intended to also apply to recreational vehicles, then a reference should be included in section 66.0435(3)(cm).

The bill would amend section 66.0435(9) of the statutes to include references to recreational vehicles in most instances covered by that section. However the bill does not add recreational vehicles to the exception that constitutes improvements to real property under section 70.043. If the exemption for real property improvements is intended to also apply to recreational vehicles, then a reference in section 66.0435(9) should be included to that effect. The title of section 66.0435(9) should be amended to include "recreational mobile homes" rather than "mobile homes," since the section applies to recreational mobile homes and not to mobile homes.

#### Sales Tax

Section 77.54(31) exempts sales of used mobile homes that are primary housing from tax. Since the amendment to section 341.01(29) would limit the exemption to mobile homes built before June 15, 1976, language is needed to exempt sales of used mobile homes built after 1976 (i.e., used manufactured housing) from tax to maintain the exemption under current law.

Under current section 77.995(2), certain mobile homes are subject to State Vehicle Rental Fees ("limo taxes") regardless of their length. Mobile homes subject to limo taxes are rented for 30 days or less and without drivers by a company primarily in such a business. Under the bill, the range of vehicles subject to the tax is narrowed. If the intent is to maintain the taxability of mobile homes as under the current law, language is needed to impose limo taxes on certain manufactured homes to include mobile homes greater than 45 feet long or manufactured after June 15, 1976.

Under current law, sections 77.51(4)(b)6. and 77.51(15)(b)5. exempt 35 percent of the price of a new mobile home as defined in section 340.01(29) from sales tax. Current section 77.51(4)(b)6. also exempts 35 percent of the sales price of a new mobile home that is transported in two sections and meets other conditions. Since "mobile home" refers to certain housing built before January 15, 1976, the exemption for sales of new "mobile homes" is no longer needed under the bill. Repealing sections 77.51(4)(b)6. and 77.51(15)(b)5. would not have a fiscal effect because sections 77.51(4)(b)7. and 77.51(15)(b)6., as amended by the bill, would provide replacement exemptions for purchases of new modular homes and new manufactured homes.

#### Effective Date

The bill would be effective 18 months after publication. Generally, law changes that affect the treatment of taxable property, including the monthly permit fee, are set to be effective for assessments as of the annual statutory assessment date of January 1 following publication of the act, or the next subsequent January 1. The January 1 date allows the Department to train assessors and eliminates a change in treatment during the year.

If you have any questions regarding this technical memorandum, please contact Pam Walgren at 266-7817.

cc: Senator Lassa



AP21

# Memo

**TO:** Robin Kite, LRB and Paul Ziegler, DOR

**Date:** February 14, 2007

**From:** Ross Kinzler, Executive Director

I've reviewed Paul's memo and it was not our intent to change the impact of tax law with SB 7 or its Assembly counterpart. We are happy to provide as much clarity as we can from our vantage point.

## 1. Additions, attachments, annexes, foundations and appurtenances

It appears that Paul's concerns about additions, attachments, annexes, foundations and appurtenances are valid. The fix it appears is relatively easy. I would recommend that the language of Sections 8 and 9 be modified to add or add back as appropriate the language about additions, etc. So that they would read:

**SECTION 8.** 66.0435 (1) (cm) of the statutes is created to read:

66.0435 (1) (cm) "Manufactured home" has the meaning given in s. 101.91 (2) and includes any additions, attachments, annexes, foundations and appurtenances.

**SECTION 9.** 66.0435 (1) (d) of the statutes is amended to read:

66.0435 (1) (d) "~~Mobile home~~" ~~is that which is, or was as originally constructed,~~  
~~designed to be transported by any motor vehicle upon a public highway and designed,~~  
~~equipped and used primarily for sleeping, eating and living quarters, or is intended~~  
~~to be so used; and includes including~~ any additions, attachments, annexes, foundations and  
appurtenances has the meaning given in s. 101.91 (10).

## 2. Recreational vehicle steps (page 2, first full paragraph and last paragraph of page 2)

Paul's suggestion to add recreational vehicles to 66.0435(3)(cm) makes sense.

## 3. Confusion on dimensions (page 2, middle of the page)

Current law is actually more confusing than the language proposed in SB 7. Confusing definitions is exactly the reason why the Legislature needs to advance SB 7. A manufactured home has a red label issued by HUD as well as other distinctive markings which makes it easier to determine that random sizes which in some cases include and other cases exclude additions. The last "mobile home" using the proposed definition based on federal law was built in mid-1972. Every year that goes by, more of these are landfilled or recycled meaning this category will under SB 7 quickly fade as the home disappear. Eventually only manufactured homes (with HUD labels), recreational mobile homes and recreational vehicles will exist.

## 4. Inclusion of recreational vehicles to exemptions in Chapters 66 and 70.

add recreational vehicles to  
70.111(19)(b)  
- 70.112(7) 2. -

It was our intent to maintain current tax law. Robin and Paul, you'll need to tell me if an amendment as suggested by Paul maintains current law or not.

5. We are fine with adding "recreational" before "mobile home" in the section title of 66.0435(9) since this section does not pertain to "mobile home".

#### 6. Sales Tax

a. Paul is correct, sec. 77.54(31) needs to be amended to include manufactured homes.

(31) The gross receipts from the sale of and the storage, use or other consumption in this state, but not the lease or rental, of used mobile homes and manufactured homes ~~that are primary housing units under s. 340.01~~ (29).

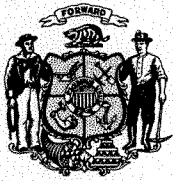
b. Limo tax – The limo tax should only apply to items that are vehicles so 77.995(2) would be limited to recreational vehicles.

c. "New" mobile home – Paul is correct, current 77.51(4)(b)6 which exempts 35% of the value of a new mobile home would reference a non-existent item after passage of SB 7. So we would recommend repeal of 77.51(4)(b)6 and 77.51(15)(b)6<sup>5</sup>

7. Effective date. We are fine with January 1<sup>st</sup> after publication to meet the needs of DOR.

manufactured home 101.91(2)  
mobile home 101.91(10)  
recreation vehicle — 340.01(48)





State of Wisconsin  
2007 - 2008 LEGISLATURE

LRBa0078/1  
RNK & JK: *lgf*

ASSEMBLY AMENDMENT,  
TO 2007 ASSEMBLY BILL 21

*in 2-14-07*  
*due 9:30 AM*  
*Thurs. 2-15*

- 1 At the locations indicated, amend the bill as follows:
- 2 **1.** Page 6, line 8: after "s.101.91 (2)" insert "and includes any additions,
- 3 attachments, annexes, foundations, and appurtenances".
- 4 **2.** Page 6, line 13: delete lines 13 and 14 and substitute *not*
- 5 *to be so used; has the meaning given in s. 101.91 (10) and includes any*
- 6 additions, attachments, annexes, foundations, and appurtenances *plain* *explain*
- 7 **3.** Page 12, line 12: after "homes" insert "and recreational vehicles, as defined
- 8 in s. 340.01 (48r)."
- 9 **4.** Page 12, line 15: after "home" insert "or recreational vehicle".
- 10 **5.** Page 14, line 8: after "ON" insert "RECREATIONAL".
- 11 **6.** Page 17, line 3: delete lines 3 and 4 and substitute:
- 12 "**SECTION 42m.** 70.111 (19) (b) of the statutes is amended to read:

1           70.111 (19) (b) Recreational mobile homes, as defined in s. 66.0435 (1) (hm), and  
 2           recreational vehicles, as defined in s. 340.01 (48r). The exemption under this  
 3           paragraph also applies to steps and a platform, not exceeding 50 square feet, that  
 4           lead to a doorway of a recreational mobile home or a recreational vehicle, but does  
 5           not apply to any other addition, attachment, deck, or patio.”

**History:** 1971 c. 315; 1973 c. 90; 1973 c. 336 s. 36; 1975 c. 39, 224; 1977 c. 29 ss. 746, 1646 (2), (3), (4); 1977 c. 142, 273; 1979 c. 3, 199, 349; 1981 c. 20, 221; 1983 a. 27 ss. 1179 to 1179m; 1983 a. 88, 201, 243, 276; 1985 a. 29; 1987 a. 387, 399; 1989 a. 31; 1991 a. 269; 1993 a. 85; 1995 a. 27; 1997 a. 248; 1999 a. 9; 1999 a. 150 s. 672; 2001 a. 16, 30, 105; 2005 a. 298.

6           **7.** Page 22, line 4: after that line insert:

7           “**SECTION 48m.** 77.51 (4) (b) 6. of the statutes is repealed.”

8           **8.** Page 22, line 16: after that line insert:

9           “**SECTION 50m.** 77.51 (15) (b) 5. of the statutes is repealed.”

10          **9.** Page 24, line 21: after that line insert:

11          “**SECTION 55m.** 77.54 (31) of the statutes is amended to read:

12           77.54 (31) The gross receipts from the sale of and the storage, use or other  
 13           consumption in this state, but not the lease or rental, of used mobile homes ~~that are~~  
 14           primary housing units under s. 340.01 (29) and used manufactured homes under s.  
 15           340.01 (27m).”

**History:** 1971 c. 64, 154, 215, 311; 1973 c. 90, 156, 240; 1975 c. 39, 96, 102, 146, 200; 1977 c. 29; 1977 c. 83 ss. 13, 26; 1977 c. 250, 368, 418; 1979 c. 1, 34, 87, 174; 1981 c. 20; 1981 c. 79 s. 18; 1981 c. 96 s. 67; 1981 c. 264; 1981 c. 282 s. 47; 1981 c. 317; 1983 a. 27 ss. 1284d to 1284np, 2202 (38); 1983 a. 189 ss. 101, 106, 329 (5), (12), (13); 1983 a. 192, 287, 405, 426, 498, 510, 538, 544; 1985 a. 29, 149, 332; 1987 a. 27; 1987 a. 312 s. 17; 1987 a. 399; 1989 a. 31, 238, 270, 335, 359; 1991 a. 37, 39, 269, 316; 1993 a. 16, 263, 332; 1995 a. 27, 125, 225, 227; 1997 a. 27, 35, 41, 184, 237, 291; 1999 a. 9, 65, 83; 1999 a. 150 s. 672; 1999 a. 167; 2001 a. 16, 103, 109; 2003 a. 99, 128; 2005 a. 25, 74, 141, 149, 335, 366, 479; s. 13.93 (2) (c).

16          **10.** Page 26, line 3: delete lines 22 and 23 and substitute “vehicle of Type 1  
 17          automobiles, as defined in s. 340.01 (4) (a); of mobile homes, as defined in s. 340.01  
 18          (29) recreational vehicles, as defined in s. 340.01 (48r); of””

19          **11.** Page 51, line 10: delete “day of the 18<sup>th</sup> month” and substitute “January 1”.

(END)

D-Note

**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBa0078/1dn  
RNK & JK. kjf

*Date*

Representative Townsend:

This amendment is based on instructions received from Luke Rollins and comments received from DOR.

Robin N. Kite  
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**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRBa0078/1dn  
RNK&JK:kjf:jf

February 15, 2007

Representative Townsend:

This amendment is based on instructions received from Luke Rollins and comments received from DOR.

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