

2007 DRAFTING REQUEST

Senate Amendment (SA-SSA(LRBs0049/1)-SB7)

Received: 04/02/2007

Received By: jkreye

Wanted: Today

Identical to LRB:

For: Julie Lassa (608) 266-3123

By/Representing: monica

This file may be shown to any legislator: NO

Drafter: jkreye

May Contact:

Addl. Drafters:

Subject: Tax, Other - sales

Extra Copies:

Submit via email: YES

Requester's email: Sen.Lassa@legis.wisconsin.gov

Carbon copy (CC:) to: joseph.kreye@legis.wisconsin.gov

Pre Topic:

No specific pre topic given

Topic:

Manufactured homes; technical change to sales and use tax provisions

Instructions:

See Attached

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> |
|--------------|----------------------|---------------------|------------------------|----------------|-----------------------|-----------------------|-----------------|
| /1 | jkreye 04/02/2007 | jdyer 04/02/2007 | rschluet 04/02/2007 | _____ | lparisi 04/02/2007 | lparisi 04/02/2007 | |
| | jkreye 04/02/2007 | | | _____ | | | |
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FE Sent For:

<END>

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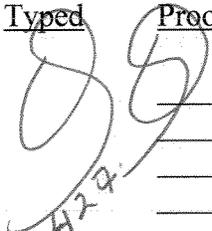
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| /1 | jkreye 04/02/2007 jkreye | 1 4/2 jld |  |  | | | |

FE Sent For:

<END>

Kreye, Joseph

From: Groves, Monica
Sent: Monday, April 02, 2007 9:51 AM
To: Kreye, Joseph
Subject: RE: SSA to 2007 SB 7; Manufactured Housing

Hi Joe,

I just spoke with Luke and he and Ross are comfortable moving forward with the changes to the primary housing unit that DOR requested we make. So, we will move forward with an amendment to the sub that addresses that concern. Regarding the second issue DOR raised, I think that we will have to agree to disagree with DOR on that and leave the language as is. Please feel free to contact me with any questions. Again, THANK YOU for all of your assistance in this frustrating drafting process!

Thanks,

Monica

From: Kreye, Joseph
Sent: Friday, March 30, 2007 3:02 PM
To: Groves, Monica
Cc: Hinnendael, Michael J - DOR; Gates-Hendrix, Sherrie L - DOR
Subject: RE: SSA to 2007 SB 7; Manufactured Housing

Monica (Sherrie and Mike),

1. No offense to Mike, but "primary housing unit" is the language that exists under current law in sections in 50, 53, and 59. All that has been done in those sections is to replace the term "new mobile home" with "new manufactured home." How exactly does that substantially change the tax consequences of those 3 sections? Furthermore, **the "primary housing unit" language was retained, as per Blair Kruger's suggestion, so that current law would be maintained.** So, what gives?

2. I believe the 2nd issue was sufficiently discussed at the meeting (again, with Blair Kruger). I also assumed that DOR could live without those changes because this was not raised again by Blair in his comments forwarded to you by Sherrie.

The bottom line: I don't understand why DOR is NOW taking a position contrary to one it just took. Drafting to satisfy DOR's concern is like trying to hit a moving target.

Your most frustrated drafter,

Joe

Joseph T. Kreye
Senior Legislative Attorney
Legislative Reference Bureau
(608) 266-2263

From: Gates-Hendrix, Sherrie L - DOR
Sent: Friday, March 30, 2007 2:35 PM
To: Groves, Monica; Kreye, Joseph
Cc: Hinnendael, Michael J - DOR
Subject: FW: SSA to 2007 SB 7; Manufactured Housing

Monica, Joe --

The email below from Mike Hinnendael, DOR sales tax analyst, highlights a couple of issues with the most recent SB7 amendment draft. The first issue is something I'm sure all parties will want to make sure gets fixed.

The second issue is something I believe was discussed at the meeting we had last Wednesday. Blair Kruger discussed this with Luke and Ross. I don't think this is an issue you decided to address in the amendment, but Mike has a fairly good explanation of the issue here, so I thought it might be helpful for you to have this just to understand the issue a little better. We understand if you choose not to move forward with addressing this issue.

Mike will call you on Monday, Monica, just to explain these and see if there is anything else you would like us to do.

Or feel free to get in touch with him: 7-5022.

If you could share any revised version of the draft with Mike that would be helpful.

Thanks again

Sherrie

From: Hinnendael, Michael J
Sent: Friday, March 30, 2007 11:33 AM
To: Gates-Hendrix, Sherrie
Subject: SSA to 2007 SB 7; Manufactured Housing

Sherrie,

As we discussed briefly this morning, SSA to 2007 SB 7 changes the sales and use tax treatment of manufactured homes significantly.

Issue 1. The bill would eliminate the 35% exemption for certain sales of manufactured homes that currently qualify for the 35% exemption. The addition of the phrase "that is a primary housing unit" to the bill in sections 50, 53, and 59 creates a new requirement for the 35% exemption. Currently, a manufactured home has to be more than 45 feet in length (or at least 984 sq. ft. if transported in two unattached sections), and it is considered to be "a primary housing unit." This includes manufactured homes that are second homes for the buyers. Under LRBs0049/1, such homes would not qualify for the 35% exemption. In addition to an unintentional restriction of the 35% exemption, this creates additional complexity for manufactured home dealers by adding an additional factor to determine whether the home qualifies of the 35% exemption.

Issue 2. Under the bill, for homes that are between 40 and 45 feet in length a subjective determination must be made to determine whether the home is a:

- Recreational vehicle [340.01(48r): equipped and used, or intended to be used, primarily for temporary or recreational human habitation and does not exceed 45 feet in length], or a
- Manufactured home [42 USC sec. 5402(6): designed to be used as a dwelling and eight feet or more in width or 40 feet or more in length].

These issues could be addressed by (1) deleting the text relating to "primary housing unit" in sections 50, 53, and 59, and (2) adding the phrase "which meets the statutory size under s. 348.07(2)" as follows:

- Section 50; page 20, line 10: Immediately after "new manufactured home, as defined in s. 101.91(11)"
- Section 53; page 21, line 8: Immediately after "new manufactured home, as defined in s. 101.91(11)" **Note:** Section 53 should also be revised to add: "or of a new manufactured home, as defined in s. 101.91(11), that is transported in 2 unattached sections if the total size of the combined sections, not including additions and attachments, is at least 984 square feet measured when the sections are ready for transportation". (Same text as in section 50)
- Section 59; page 23, line 19: Immediately after "used manufactured homes, as defined in s. 101.91(12)"

Thanks,

Mike



State of Wisconsin
2007 - 2008 LEGISLATURE

LRBa0236/1

JK:A:...

JLD

attached

SENATE AMENDMENT,
TO SENATE SUBSTITUTE AMENDMENT (LRBs0049/1),
TO 2007 SENATE BILL 7

NOW

D-N

4-2-07

1 At the locations indicated, amend the substitute amendment[✓] as follows:

2 1. Page 20, line 8: delete lines 8 to 16[✓] and substitute:

3 "SECTION 50m.[✓] 77.51 (4) (b) 6.^X of the statutes is amended to read:

4 77.51 (4) (b) 6. Thirty-five percent of the sale price of a new mobile home that

5 is a primary housing unit under s. 340.01 (29) or of a new mobile home that is

6 transported in 2 unattached sections if the total size of the combined sections, not

7 including additions and attachments, is at least 984 square feet measured when the

8 sections are ready for transportation manufactured home, as defined in s. 101.91

9 (11).[✓] No credit may be allowed for trade-ins under subd. 3. or sub. (15) (b) 4. This

10 subdivision does not apply to lease or rental."[✓]

History: 1973 c. 333; 1975 c. 39, 41, 99, 224; 1975 c. 413 s. 18; 1977 c. 29, 418; 1979 c. 1 ss. 57 to 59, 61, 62; 1979 c. 174; 1981 c. 20; 1981 c. 79 s. 17; 1983 a. 23, 27; 1983 a. 189 ss. 92 to 108, 329 (12); 1983 a. 510, 538; 1983 a. 544 ss. 13 to 46, 47 (1) (b); 1985 a. 29, 332; 1987 a. 27, 399; 1989 a. 31, 335, 336; 1991 a. 39, 269, 316; 1993 a. 16, 112, 184; 1997 a. 27, 237; 1999 a. 9, 83; 2001 a. 45, 102; 2003 a. 48; 2005 a. 27, 327, 441, 479.

11 2. Page 21, line 6: delete lines 6 to 10 and substitute:

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBa0236/1dn

JK: a:...

JLd

date

Senator Lassa:

This amendment is intended to address the concerns raised by Mike Hinnendael at DOR, as indicated in the e-mail sent by Sherrie Gates-Hendrix on Friday, March 30, 2007. ✓

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRBa0236/1dn
JK:jld:rs

April 2, 2007

Senator Lassa:

This amendment is intended to address the concerns raised by Mike Hinnendael at DOR, as indicated in the e-mail sent by Sherrie Gates-Hendrix on Friday, March 30, 2007.

Joseph T. Kreye
Legislative Attorney
Phone: (608) 266-2263
E-mail: joseph.kreye@legis.wisconsin.gov