



Legislative Fiscal Bureau

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February 14, 2006

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 801: Personal Property Tax Exemption for Recreational Mobile Homes

Assembly Bill 801, as amended, would modify the personal property tax exemption for recreational mobile homes. Initially, the bill was drafted to provide an individual income tax credit for property tax payments on certain recreational mobile homes and on certain attachments to that property. On October 31, 2005, the bill was introduced and referred to the Assembly Committee on Ways and Means. The Committee held a public hearing on the bill on December 7. On January 18, 2006, the Committee held an executive session on the bill and offered Assembly Substitute Amendment 2, which changed the proposal from an income tax credit to a property tax exemption. The Committee adopted the substitute amendment and recommended the bill, as amended, for passage by identical votes of 12 to 0. The bill was referred to the Joint Committee on Finance on January 24.

CURRENT LAW

General property tax exemptions are enumerated under s. 70.11 of the statutes, and s. 70.111 of the statutes contains exemptions that extend only to items of personal property. The exemption under s. 70.111(19) of the statutes applies to mobile homes that are no larger than 400 square feet and are used primarily as temporary living quarters for recreational, camping, travel, or seasonal purposes. The exemption defines mobile homes by cross-reference to the statute that authorizes mobile home parks and mobile home parking fees, which are imposed in-lieu of property taxes. That statute (s. 66.0435) defines mobile home as "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 any additions, attachments, annexes, foundations and appurtenances." Consequently, the 400 square

foot limitation in s. 70.111(19) applies to the combined area of the mobile home and any attachments, annexes, foundations, and appurtenances.

SUMMARY OF SUBSTITUTE AMENDMENT

The substitute amendment creates a definition of recreational mobile home and modifies current law provisions related to mobile home parking fees and the exemption for personal property. The property tax exemption would be modified to include a cross-reference to the mobile home parking fee statute where the definition would be created. Recreational mobile home would be defined as "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." The exemption would be further amended to provide that it also applies to steps and a platform leading to the home's doorway. The platform could not exceed 50 square feet, and the exemption would not extend to any other addition, attachment, deck, or patio.

The substitute amendment would continue the current law exemption for recreational mobile homes from the mobile home parking fee statute and would modify that exemption by basing it on the newly-created definition of recreational mobile home. The parking fee exemption would also extend to steps and platforms not exceeding 50 square feet, but not to any other addition, attachment, patio, or deck.

The effect of these changes is to modify the two exemptions so that the 400 square foot limitation applies only to the mobile home and not to the combined area of the home and any attached improvement. Any platform leading to the mobile home's doorway would be limited to no more than 50 square feet, or it would be taxable, as would any additions, attachments, decks, or patios. The 400 square foot standard would be waived if the mobile home is certified by its manufacturer as complying with ANSI 119.5. However, a representative of the Wisconsin Association of Campground Owners indicates that the ANSI code applies only to recreational mobile homes that are no greater than 400 square feet.

These provisions would first apply to property assessments as of January 1, 2007.

FISCAL EFFECT

The Department of Revenue's fiscal estimate for AB 801 relates to the original bill that provided an income tax credit for property tax payments, as opposed to a property tax exemption. Nonetheless, the Department's analysis is illustrative of the substitute amendment's fiscal effect. The Department notes that it does not have data on aftermarket additions, attachments, annexes, foundations, or appurtenances adjoined to recreational mobile homes and that its analysis is based,

in part, on information supplied by the Wisconsin Association of Campground Owners. Based on that data, the Department estimates that there are approximately 1,500 recreational mobile homes that are taxable because they exceed the 400 square foot limitation due to an attachment and that these homes have an average value of \$10,000 each, without the attachment. Under the substitute amendment, these mobile homes would become exempt, and an estimated \$15 million in taxable value would be removed from the tax base. This would reduce the property taxes paid by the owners of these mobile homes by an estimated \$295,000. As a result, state forestry tax collections would decrease by an estimated \$3,000 annually, and the remaining \$292,000 would be shifted to the owners of other taxable property.

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