Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bill 477 (as introduced 5-14-03)
Sponsor: Senator Raymond E. Basham
Committee: Finance

Date Completed: 6-1-04

CONTENT

The bill would amend Public Act 365 of 1994, which regulates trailer coach parks, to require that a specific tax be levied on an occupied trailer coach equal to a percentage of its fair market value multiplied by the number of mills levied in the local tax collecting unit. The percentage would range form 10% in 2004 to 40% in 2007.

Currently, each licensed trailer coach park is required to collect and remit a specific tax of $3 per month, or major fraction thereof, to the treasurer of the municipality in which the trailer park is located. The municipality treasurer is required to pass 50 cents per trailer to the county treasurer for deposit in the general fund, keep 50 cents per trailer for the municipal general fund, and transmit the remaining $2 to the State Treasurer for credit to the School Aid Fund. Under the bill, this tax would be required until January 1, 2004.

After December 31, 2003, a specific tax calculated in the following manner would have to be levied on each occupied trailer coach:

- For taxes levied after December 31, 2003, and before January 1, 2005, 10% of the trailer coach's fair market value (FMV) multiplied by the number of mills levied in the local tax collecting unit in which the trailer coach was located.
- For taxes levied after December 31, 2004, and before January 1, 2006, 20% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.
- For taxes levied after December 31, 2005, and before January 1, 2007, 30% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.
- For taxes levied after December 31, 2006, and before January 1, 2008, 40% of the trailer coach's FMV multiplied by the number of mills levied in the local tax collecting unit.

The local tax collecting unit would have to collect the specific tax levied under the bill at the same time and in the same manner as taxes collected under the General Property tax Act. The local tax collecting unit would have to distribute the specific tax collected in the same proportion as taxes collected under the General Property Tax Act.

A trailer coach park would have to remit to the treasurer of the local tax collecting unit in which the trailer coach park was located the $3 monthly tax levied annually by January 15 for taxes levied and collected under the Act in the immediately preceding year. Currently, taxes must be remitted by the fifth day of the month for the preceding month.

MCL 125.1035 et al. Legislative Analyst: J.P. Finet

FISCAL IMPACT

Eliminating the current $3 per month specific tax on mobile homes located in trailer parks and replacing it with a specific tax based on a certain percentage of the market value times the millage rate levied by the local tax collecting unit, as described above, would generate net new revenue of an estimated $5.4 million in 2004, $16.4 million in 2005, $28.0 million in 2006, and $40 million in 2007. This net change in revenue would have an impact on the School Aid Fund, local governments, and local school districts, as presented in the following table.

Estimated Fiscal Impact of S.B. 477
(actual dollars)

	2004	2005	2006	2007
Proposed Tax/Fee Change:				
Repeal of $3 Monthly Tax	($4,806,000)	($4,824,098)	($4,845,056)	($4,865,360)
Proposed New Value-Based Tax	10,221,463	21,186,918	32,894,369	45,333,897
Net Revenue Impact	$5,415,463	$16,362,820	$28,049,313	$40,468,537
Distribution of Revenue Impact:				
State School Aid Fund (SAF)	(1,577,242)	155,858	2,005,141	3,971,370
Local Governments	6,260,664	14,689,596	23,688,342	33,250,442
Local Schools	732,041	1,517,365	2,355,830	3,246,725
Net Revenue Impact	$5,415,463	$16,362,820	$28,049,313	$40,468,537
Net Budget Impact on SAF				
Revenue Change	($1,577,242)	$155,858	$2,005,141	$3,971,370
Expenditure Decrease	(732,041)	(1,517,365)	(2,355,830)	(3,246,725)
Net School Aid Fund	($845,201)	$1,673,224	$4,360,971	$7,218,095
Net Budget Impact on Local Schools				
Revenue Gain	$732,041	$1,517,365	$2,355,830	$3,246,725
State Aid Decrease	(732,041)	(1,517,365)	(2,355,830)	(3,246,725)
Net Local Schools	$0	$0	$0	$0

Fiscal Analyst: Jay Wortley

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