



Senate Fiscal Agency  
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**BILL ANALYSIS**

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Senate Bill 478 (as introduced 5-14-03)  
Sponsor: Senator Raymond E. Basham  
Committee: Finance

Date Completed: 6-1-04

**CONTENT**

The bill would amend the General Property Tax Act to provide that after December 31, 2003, a mobile home located on real property, whether or not permanently affixed to that real property, would be real property and would have to be assessed as real property to the owner of the mobile home, for purposes of Section 2 (which describes land and buildings included in real property, for the purpose of taxation). For taxes levied after December 31, 2003, and before January 1, 2005, a mobile home's taxable value would be 50% of its true cash value; and for taxes levied after December 31, 2004, a mobile home's taxable value would be determined in the same manner as other real property under the Act.

The bill would repeal Public Act 243 of 1959, which requires trailer coach parks to collect and remit a specific tax of \$3 per month for each occupied trailer coach on their property. Currently, for purposes of Section 2, a mobile home is considered real property and must be assessed as part of the real property on which it is located only if the mobile home is not subject to the specific tax under Public Act 243 of 1959 and is located on land otherwise assessable under the General Property Tax Act. Under the bill, this would be before January 1, 2004.

The bill provides that, for taxes levied after December 31, 2003, residential real property would include a mobile home on a platted or unplatted parcel or on leased land that was used for, or probably would be used for, residential purposes.

MCL 211.2a et al.

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

The proposal to repeal the current \$3 per month tax on mobile homes in trailer parks and replace it with the general property tax, would generate a net increase in revenue of an estimated \$44.5 million in the 2004 tax year and \$46.3 million in the 2005 tax year. This net increase in revenue would have a positive impact on the School Aid Fund and local governments, would have no net budgetary impact on local schools, and would have a negative impact on the General Fund, as shown in the following table.

**Estimated Fiscal Impact of S.B. 478**  
(actual dollars)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Proposed Tax/Fee Change:</u></b>			
Repeal of \$3 monthly Tax	(\$4,806,000)	(\$4,824,098)	(\$4,845,056)
Proposed Property Tax	51,107,315	52,967,294	54,823,948
Property Tax Credit	<u>(1,754,190)</u>	<u>(1,891,028)</u>	<u>(2,020,553)</u>
<b><u>Net Revenue Impact</u></b>	\$44,547,125	\$46,252,168	\$47,958,339
<b><u>Distribution of Revenue Impact:</u></b>			
State General Fund (GF)	(\$1,754,190)	(\$1,891,028)	(\$2,020,553)
State School Aid Fund (SAF)	4,929,790	5,213,743	5,495,260
Subtotal State Gov't	3,175,600	3,322,715	3,474,706
Local Governments	37,711,320	39,136,040	40,557,249
Local Schools	<u>3,660,206</u>	<u>3,793,414</u>	<u>3,926,384</u>
Net Revenue Impact	\$44,547,125	\$46,252,168	\$47,958,339
<b><u>Net Budget Impact on SAF</u></b>			
Revenue Increase	\$4,929,790	\$5,213,743	\$5,495,260
Expenditure Decrease	<u>(3,660,206)</u>	<u>(3,793,414)</u>	<u>(3,926,384)</u>
Net School Aid Fund	\$8,589,996	\$9,007,157	\$9,421,643
<b><u>Net Budget Impact on Local Schools</u></b>			
Revenue Increase	\$3,660,206	\$3,793,414	\$3,926,384
State Aid Decrease	<u>(3,660,206)</u>	<u>(3,793,414)</u>	<u>(3,926,384)</u>
Net Local Schools	\$0	\$0	\$0

Fiscal Analyst: Jay Wortley

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.