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BILL ANALYSIS

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Senate Bill 708 (as introduced 9-18-03)
Sponsor: Senator Valde Garcia
Committee: Finance

Date Completed: 6-1-04

CONTENT

The bill would amend the General Property Tax Act to provide that after December 30, 2012, a mobile home located on real property, whether or not permanently affixed to that real property, would be subject to the collection of taxes under the Act for the purpose of Section 2 (which describes land and buildings included in real property for the purpose of taxation). A mobile home would have to be assessed as real property to the owner of the mobile home, except otherwise provided in Section 34c (described below).

For taxes levied after December 31, 2012, and before January 1, 2014, a mobile home's taxable value would be 50% of its true cash value; and for taxes levied after December 31, 2013, 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 $3 per month tax for each occupied trailer coach on their property.

Section 34c describes the classifications of assessable real property. Under the bill, for taxes levied after December 31, 2012, residential real property would include a mobile home on a platted or unplatted parcel that was used for, or probably would be used for, residential purposes.

MCL 211.2a & 211.34c Legislative Analyst: J.P. Finet

FISCAL IMPACT

This bill would generate a net increase in tax revenue beginning in 2013. It is estimated that replacing the $3 per month specific tax on mobile homes with the general property tax would generate a net increase of $67.7 million in the 2013 tax year and $70.6 million in the 2014 tax year. Local governments and the School Aid Fund would realize net increases in revenue under these changes, while local schools would not experience any net budgetary impact and the General Fund would experience a slight decline in revenue because property tax credits would be up. The following table summarizes the net revenue impact as well at its distribution.

Estimated Fiscal Impact of S.B. 708
(dollars)

	2013	2014
Repeal of $3 Monthly Fee	($5,407,754)	($5,461,832)
Proposed Property Tax	76,092,447	79,158,972
Property Tax Credit	(2,936,685)	(3,129,460)
Net Revenue Impact	$67,748,007	$70,567,681
Distribution of Revenue Impact:		
State General Fund (GF)	(2,936,685)	(3,129,460)
State School Aid Fund (SAF)	8,505,034	8,957,024
Subtotal State Gov't	5,568,349	5,827,564
Local Governments	56,730,067	59,070,907
Local Schools	5,449,592	5,669,210
Net Revenue Impact	$67,748,007	$70,567,681
Net Budget Impact on SAF		
Revenue Change	$8,505,034	$8,957,024
Expenditure Increase	(5,449,592)	(5,669,210)
Net School Aid Fund	$13,954,626	$14,626,234
Net Budget Impact on Local Schools		
Revenue Loss	$5,449,592	$5,669,210
State Aid Increase	(5,449,592)	(5,669,210)
Net Local Schools	$0	$0

Fiscal Analyst: Jay Wortley

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