



Senate Fiscal Agency  
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**BILL ANALYSIS**

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House Bill 4880 (Substitute H-9 as reported without amendment)

Sponsor: Representative Randy Richardville

House Committee: Commerce

Senate Committee: Finance

**CONTENT**

The bill would create the "Manufactured Housing Specific Tax Act" to levy a new State specific tax on the owner or occupant of manufactured housing property, beginning at a monthly rate of \$4.50 in 2005 and increasing annually to \$12 in 2010; and would repeal Public Act 243 of 1959, which imposes \$3-a-month specific tax on manufactured housing.

Beginning on December 31, 2004, each licensee would have to collect and remit the State specific tax in the following monthly amount: \$4.50 in 2005; \$6 in 2006; \$7.50 in 2007; \$9 in 2008; \$10.50 in 2009; and \$12 in 2010 and each year thereafter.

"Licensee" would mean the owner of a licensed mobile home park or a licensed campground. Each licensee would have to remit the tax to the treasurer of the local tax collecting unit in which the mobile home park or campground was located, by the fifth day of each month. The treasurer would have to disburse the tax collected to the local school district, local unit of government, and county in specified amounts (as shown below). The amount of the State specific tax distributed to the local school district would have to be used by the district for nonoperating purposes only.

A licensee could add to the charges for qualified manufactured housing property in the mobile home park or campground an amount equal to the specific tax collected and remitted for that property.

The bill would take effect on December 31, 2004. The bill is tie-barred to House Bill 4111 (which would make complementary changes to the General Property Tax Act). House Bill 5844, which would include the proposed State specific tax in the calculation of the homestead property tax credit, is tie-barred to House Bill 4880.

Legislative Analyst: J.P. Finet

**FISCAL IMPACT**

House Bills 4880 (H-9) and 5844 (H-2) would generate an estimated \$2.4 million in net new revenue in 2005 and \$14.8 million by 2010, as shown in Table 1. The proposed distribution of this tax is depicted in Table 2. Based on the proposed distribution of this new State tax, local governments and schools would realize a net increase in revenue. The State School Aid Fund (SAF) would not realize any additional revenue from this change, but the additional revenue received by local school districts would reduce the amount the SAF would have to pay school districts in order to fully fund their per pupil foundation allowance. The State's General Fund would realize a slight net reduction in revenue due to higher property tax credits.

Table 1

<b>ESTMATED FISCAL IMPACT OF HB 4880 (H-9) AND HB 5844 (H-2)</b> (dollars in millions)						
	2005	2006	2007	2008	2009	2010
<b>Proposed Tax Change:</b>						
Repeal of Current \$3 Monthly Tax	(\$5.1)	(\$5.2)	(\$5.2)	(\$5.2)	(\$5.3)	(\$5.3)
Proposed New Specific Tax	<u>7.7</u>	<u>10.3</u>	<u>13.0</u>	<u>15.7</u>	<u>18.5</u>	<u>21.3</u>
Net Change in Specific Tax Revenue	2.6	5.2	7.8	10.5	13.2	16.0
Property Tax Credit on Net Change	<u>(0.2)</u>	<u>(0.4)</u>	<u>(0.6)</u>	<u>(0.8)</u>	<u>(1.0)</u>	<u>(1.2)</u>
<b>Net Revenue Impact:</b>	\$2.4	\$4.8	\$7.2	\$9.7	\$12.2	\$14.8
<b>Revenue Impact on Governments/Funds:</b>						
Local Governments	\$0.9	\$1.7	\$2.6	\$3.5	\$4.4	\$5.3
School Districts	1.7	3.4	5.2	7.0	8.8	10.6
School Aid Fund	0.0	0.0	0.0	0.0	0.0	0.0
General Fund	<u>(0.2)</u>	<u>(0.4)</u>	<u>(0.6)</u>	<u>(0.8)</u>	<u>(1.0)</u>	<u>(1.2)</u>
<b>Net Revenue Impact:</b>	\$2.4	\$4.8	\$7.2	\$9.7	\$12.2	\$14.8

Table 2

<b>Proposed State Specific Tax on Manufactured Homes in Trailer Parks, and its Distribution, under HB 4880 (H-9)</b>						
	Tax Level		Distribution of Annual Tax			
	Monthly	Annual	SAF	County	CVTs <sup>1)</sup>	School Dist.
Current Law	\$3.00	\$36.00	\$24.00	\$6.00	\$6.00	\$0.00
Proposed <sup>2)</sup>						
2005	4.50	54.00	24.00	9.00	9.00	12.00
2006	6.00	72.00	24.00	12.00	12.00	24.00
2007	7.50	90.00	24.00	15.00	15.00	36.00
2008	9.00	108.00	24.00	18.00	18.00	48.00
2009	10.50	126.00	24.00	21.00	21.00	60.00
2010	12.00	144.00	24.00	24.00	24.00	72.00

<sup>1)</sup> Cities, Villages, and Townships.

<sup>2)</sup> Under the proposal, the tax would be paid monthly to the local government treasurer, who then would distribute half of it as part of the July property tax collection, and half as part of the December property tax collection.

Date Completed: 12-1-04

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.