



Senate Fiscal Agency  
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BILL ANALYSIS

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Senate Bill 111 (Substitute S-1 as reported)  
Sponsor: Senator Ron Jelinek  
Committee: Local, Urban and State Affairs

(as enrolled)

Date Completed: 8-2-07

### **RATIONALE**

Trailer coach park licensees are required to collect and remit a monthly tax of \$3 per occupied trailer coach (mobile home), by the fifth day of each month. Licensees may recover the cost of this tax through an increase in charges on trailer coach parking spaces. The tax is in lieu of the property tax on a trailer coach, and must be remitted to the treasurer of the municipality (city, village, or township) where the park is located. Of each fee, the Act allocates \$0.50 to the municipality, \$0.50 to the county, and \$2 to the State School Aid Fund. There is no penalty for failure to remit, and apparently there is little the treasurer of a municipality can do to collect the tax from a trailer coach park licensee who does not send in the tax. Reportedly, the amount of money owed a municipality by a licensee can be as much as the cost of the legal action required to force payment.

Some people have suggested that, in order to encourage payment of the trailer coach tax and to make the pursuit of unpaid taxes by a municipality worthwhile, a licensee should be penalized for not remitting the tax on time.

### **CONTENT**

The bill would amend Public Act 243 of 1959, which regulates trailer coach parks, to provide for a penalty, interest, and a civil fine for failure to remit a monthly trailer coach tax.

Specifically, if a licensee did not remit the tax by the required date, the licensee would have to pay a late payment penalty of 3% of the unpaid balance, and interest would

accrue on the unpaid balance at a rate of 1% per month. The licensee also would be liable for a civil fine of up to \$10 per occupied trailer coach for each month the licensee did not remit the tax.

MCL 125.1041

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

Two-thirds of the revenue generated by the trailer coach tax is allocated to the State School Aid Fund and represents the primary contribution of trailer coach occupants to the Fund. Because the tax revenue is important to the State as well as local units of government, it is necessary that trailer coach park licensees remit the tax money they owe. The bill would encourage licensees to pay the tax on time and would make legal action on behalf of a municipality and the State worthwhile.

Legislative Analyst: Craig Laurie

### **FISCAL IMPACT**

The current \$3 per month mobile home tax generates about \$5.0 million annually. This tax is in lieu of the general property tax. As described above, the penalty proposed in this bill would include a late charge, an interest charge, and a civil fine. For example, a trailer park owner (licensee)

whose park has 100 occupied trailers would have a \$300 monthly mobile home tax liability. If the trailer park owner were one month late in remitting this tax, under current law the trailer park owner would incur no type of late payment, but under this bill would incur a late penalty of \$9, an interest charge of \$3, and a civil fine of up to \$1,000, for a total penalty of up to \$1,012. If this trailer park owner remitted a month's \$300 tax liability six months late, the total penalty would increase to \$6,027. The bill is not clear as to how the new revenue generated from the proposed late payment penalties would be distributed. The extent to which the mobile home tax is being paid late is not known, but it is expected that this bill would help improve the timely payment of this tax and would generate a minimal amount of new revenue.

Fiscal Analyst: Jay Wortley

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