

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3708-02
Bill No.: Perfected HCS for HB 1474
Subject: Manufactured Housing; Revenue Dept.
Type: Original
Date: April 16, 2008

Bill Summary: Would allow for the conversion of manufactured homes from personal property to real property and the reconversion of manufactured homes from real property to personal property.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** provided the following response.

Many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Office of Administration, Division of Budget and Planning (BAP)** assume there would be no added cost to their organization as a result of this proposal.

This proposal would make changes to the taxation of manufactured homes. This proposal would have no impact on general revenues, but could impact the Blind Pension Fund. BAP defers to DSS for any such impacts.

To the extent this proposal could impact the foundation formula for schools, state expenditures could increase. BAP defers to DESE for any calculations of this impact.

This proposal would also make changes to sales taxes related to manufactured homes. This provision could impact general and total state revenues, state dedicated funds, and local revenues. BAP defers to the DOR for estimates of any such impact.

Officials from the **State Tax Commission** assume this proposal would have no fiscal impact to their organization.

Officials from the **Department of Elementary and Secondary Education** deferred to the Department of Revenue for an estimate of the fiscal impact of a previous version of this proposal.

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** assume this proposal would establish procedures for converting a manufactured home from personal property to real property and back again, and would require the director to issue a certificate of conversion for manufactured homes converted to real property. DOR officials assume that an unknown increase in revenue from filing fees could be generated if this proposal was implemented.

DOR would need to:

- * Develop procedures and process an unknown number of applications for certificates of conversion on manufactured homes converted to real property; including entering the applications into a system, completing record searches, and deleting the title record. If the manufactured home is converted back, a new title would be issued.
- * Develop three new types of application form; application for surrender, expanded application for title accompanied by affidavit of severance, and application for confirmation of conversion.
- * Develop an electronic system to issue the certificate of conversion (similar to a title) as well as a secure website accessible by password for lienholders that lists the pertinent information contained on the certificate of conversion, including owners, lienholders, unit description, etc.
- * Create a new reject code if an additional Notice of Lien is found.

DOR officials provided an estimate of the IT cost to implement the proposal.

The Office of Administration, Information Technology Services Division (ITSD/DOR) assumes this legislation could be implemented utilizing existing resources. However, if priorities shift additional FTE or overtime would be needed to implement. ITSD/DOR estimates the proposal could be implemented using two existing CIT III's for month for a total cost of approximately \$8,372.

DOR did not provide an estimate of the cost to implement this proposal; however, DOR officials stated that depending on volume a request for overtime or FTE and a request for expenses could be necessary.

ASSUMPTION (continued)

Oversight assumes that a limited number of manufactured homes would be converted from personal property to real estate or reconverted from real estate to personal property. Oversight also assumes that additional fees would be minimal and that DOR could implement the proposal with existing resources. If unanticipated expenses are incurred or if multiple proposals are implemented which result in an increased workload, resources could be requested through the budget process.

Officials from **Clinton County** assume this proposal could have some fiscal impact to their organization.

Officials from **Linn State Technical College**, the **Metropolitan Community Colleges, St. Louis County**, and the **City of Centralia** assume this proposal would have no fiscal impact to their organizations.

In response to a similar proposal in the previous session (HB 855, LR 0145-01, 2007), **Parkway School District**, the **Office of the Boone County Collector**, the **Office of the Cole County Assessor**, the **Office of the Grundy County Assessor**, and the **Office of the St. Louis County Assessor** assumed the proposal would have no fiscal impact to their organizations.

Oversight assumes this proposal would have no significant fiscal impact to the state or to local governments.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

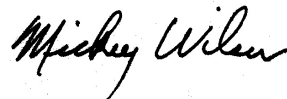
FISCAL DESCRIPTION

This proposal would allow for the conversion of manufactured homes from personal property to real property and the reconversion of manufactured homes from real property to personal property.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Office of Administration
 Division of Budget and Planning
Department of Elementary and Secondary Education
Department of Revenue
State Tax Commission
Linn State Technical College
Metropolitan Community Colleges
Clinton County
St. Louis County
City of Centralia



Mickey Wilson, CPA
Director
April 16, 2008