

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5906-03
Bill No.: Perfected SS for SB 860
Subject: Manufactured Housing; Taxation and Revenue - Sales and Use
Type: Original
Date: April 15, 2014

Bill Summary: This proposal would provide a sales tax exemption for used manufactured homes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on General Revenue Fund	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Conservation Commission	(Unknown)	(Unknown)	(Unknown)
Parks, and Soil and Water	(Unknown)	(Unknown)	(Unknown)
School District Trust	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	(Unknown)	(Unknown)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Section 144.044, RSMo. - Sales Tax Exemption for Used Manufactured Homes

Changes to this provision would authorize an exemption from state and local sales taxes on a manufactured home which does not qualify as "new" as defined in state law.

Officials from the **Office of the Secretary of State (SOS)** stated in response to a previous version of this proposal that 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, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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** assumed a previous version of this proposal would have statewide impact, and would impact the calculation required under Article X, Section 18(e) of the Missouri Constitution.

ASSUMPTION (continued)

BAP officials noted the proposal would exempt from sales tax, sales of "used" manufactured homes. According to information provided by the Missouri Manufactured Housing Association (MMHA) there were 696 "new" manufactured homes shipped to Missouri in 2012. Based on other information provided by the MMHA, BAP officials estimated the retail value of those homes as \$43.5 million.

BAP officials stated they did not have additional data on the sales or resales of "used" manufactured homes. If sales of used homes are similar to the estimate of new home sales above, this proposal might reduce General Revenue Fund receipts by \$1.3 million, education revenues by \$0.4 million, and revenues for other state funds and for local governments accordingly.

Officials from the **Department of Revenue (DOR)** assumed a previous version of this proposal would have no fiscal impact on their organization but would reduce state revenues.

DOR officials stated they collect sales tax on used manufactured homes which are moved in to Missouri from outside the state but were not able to provide information on amounts collected.

Oversight notes that DOR regulations require the payment of sales tax on a used manufactured home if sales tax was not paid on that home when it was new. If sales tax was not paid on that manufactured home when it was new, sales tax is due on 100% of the used sales price. Oversight does not have any information as to the number or amount of transactions involved in used manufactured home sales and assumes this proposal would result in an unknown revenue reduction for the General Revenue Fund, other state funds that receive sales taxes, and for local governments for FY 2015, FY 2016, and FY 2017.

Oversight understands that sales tax revenues in the School District Trust Fund are distributed along with other revenues to local school districts but will not show those transfers in this fiscal note.

Officials from the **Joint Committee on Administrative Rules** and the **Department of Economic Development - Public Service Commission** assumed there would be no fiscal impact to their respective organizations from a previous version of this proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Revenue reduction</u> - DOR Sales tax exemption on used manufactured homes Section 144.044	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
CONSERVATION COMMISSION FUND			
<u>Revenue reduction</u> - DOR Sales tax exemption on used manufactured homes Section 144.044	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
PARKS, AND SOIL AND WATER FUND			
<u>Revenue reduction</u> - DOR Sales tax exemption on used manufactured homes Section 144.044	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>

FISCAL IMPACT - State Government
 (Continued)

FY 2015
 (10 Mo.)

FY 2016

FY 2017

SCHOOL DISTRICT TRUST FUND

Revenue reduction - DOR
 Sales tax exemption on used
 manufactured homes
 Section 144.044

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
 SCHOOL DISTRICT TRUST FUND**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Local Government

FY 2015
 (10 Mo.)

FY 2016

FY 2017

LOCAL GOVERNMENTS

Revenue reduction - DOR
 Sales tax exemption on used
 manufactured homes
 Section 144.044

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED NET EFFECT ON
 LOCAL GOVERNMENTS**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Small Business

This proposal could have a fiscal impact on small businesses which sell used manufactured homes.

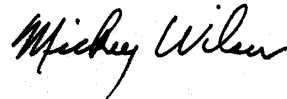
FISCAL DESCRIPTION

This proposal would authorize a state and local sales and use tax exemption for the sale of used manufactured homes.

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
Joint Committee on Administrative Rules
Office of Administration
 Division of Budget and Planning
Department of Economic Development
Department of Revenue



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Director
April 15, 2014

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April 15, 2014