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## MOBILE HOME TAX TO LOCAL SCHOOLS NOT STATE FUND

### House Bill 5822 (Substitute H-1) First Analysis (5-30-00)

**Sponsor: Rep. Randy Richardville**  
**Committee: Economic Development**

#### ***THE APPARENT PROBLEM:***

According to recent news accounts, the spread of manufactured homes, or mobile homes as they are still sometimes called, is generating controversy in some parts of the state. Manufactured homes are popular because they represent a relatively low-cost housing alternative, especially important given the explosion in land and home values in some areas of the state. One of the criticisms of manufactured home developments is that they do not pay sufficient taxes to cover the additional local public services they require. (Manufactured home park developers dispute this.) For example, new homes may result in a demand for additional school facilities, but manufactured homes do not make a direct contribution to the local schools to help construct or maintain those facilities.

Mobile homes are subject to a \$3 per month specific tax in lieu of property taxes. Until the enactment of Public Act 365 of 1994, \$2 of the monthly fee was transmitted to the local school district. Public Act 365 directed the money instead to the State School Aid Fund, as part of follow-up legislation to Proposal A of 1994, which revamped the state's school financing system. (A number of acts governing specific taxes were amended in this way.) Legislation has been introduced that would redirect mobile home taxes to the local school district rather than to the state and earmark it for bonded indebtedness or sinking fund payments. This would make a direct connection between mobile home taxes and the need for school infrastructure.

#### ***THE CONTENT OF THE BILL:***

The bill would amend Public Act 243 of 1959 to require a municipal treasurer as of June 30, 2000, to transmit \$2 of the \$3 monthly specific tax for each "trailer coach" or mobile home to the school district in which the home was located for the purpose of paying any of the school district's bonded indebtedness or to be expended in the same manner as money from the district's sinking fund. (Currently, the \$2 per month is transmitted to the State School Aid Fund.)

MCL 125.1042

#### ***FISCAL IMPLICATIONS:***

According to the Michigan Manufactured Housing Association, there are about 160,000 sites subject to the specific tax. At \$24 per year per site, the amount going to the local schools instead of the State School Aid Fund would be \$3.84 million.

#### ***ARGUMENTS:***

##### ***For:***

The bill would send the portion of the mobile home specific tax that now goes to the state for school funding to the local school district instead to support school facilities that require bonded indebtedness or sinking funds. This makes a direct connection between manufactured housing sites and the infrastructure of local schools.

##### ***Against:***

While the amount of money involved is small by State School Aid Fund standards, doesn't this bill set a bad precedent by shifting money that had been sent to the state under Proposal A-related legislation back to local districts?

#### ***POSITIONS:***

There are no positions on the bill.

Analyst: C. Couch

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.