

LOCAL FISCAL IMPACTS OF MOBILE HOME PARKS

Paper No. 17

Occasional Paper Series  
in Urban and Regional Planning

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October 1984

## INTRODUCTION

Unusual forms of economic development like the massive zinc mine proposed near Crandon, Wisconsin could create unusual, temporary demands for housing. If the conventional housing market cannot fully satisfy those demands, one possible solution to an otherwise "boom and bust" housing situation could be a mobile home park. Frequently, however, tax exempt mobile homes suffer from an "image problem" with local government officials. These members of town and village boards and city councils can exert considerable influence over the type, amount of and ease with which economic development takes place. Controlling development is part of their job. They may be reluctant about or opposed to the location of tax exempt property in their communities. If that opposition is based on fact, then the decision not to encourage mobile home park development may be excellent public policy. But if policy is based on an erroneous fiscal image of mobile homes, then an appropriate solution to a unique demand for housing could be wrongfully rejected.

This paper describes the wide range of alternative revenues which are available to fund the municipal service and capital improvement costs of mobile home parks. Some of these revenue sources may be obvious to local government officials. Others--like state equalization aid--are much less obvious but potentially very productive. The goal of this paper is to help explain this sometimes subtle relationship between tax exempt property and municipal finance in Wisconsin.

### THE IMAGE PROBLEM: FOOTLOOSE AND SERVICED FREE?

Mobile homes obviously are different--movable--and to some people that mobility carries with it all of the socioeconomic baggage and bias associated (rightly or wrongly) with a migratory, transient population. Mobile homes also offend the aesthetic senses of some property owners who would rather not have to look at them as neighbors. (And who worry that their proximity could lower the market values of their own homes.)

The extent to which these personal socioeconomic and aesthetic images of a mobile home conform to reality goes beyond the concern of this paper. What we are concerned with here is fiscal bias against mobile homes, a notion that because they are tax exempt they do not "pay their own way": they cost the municipal treasury more than they contribute in municipal revenues, according to a view which seems widely shared.

This view is usually two-sided and says on the one hand that mobile home occupants make "excessive" demands on municipal government. (Compared, presumably, to people in conventional housing who make "normal" demands.) This claim of excessive service use has rarely, if ever, been proved. Even if true, it is not necessarily a fiscal problem unless the service costs caused by mobile homes cannot be charged to them. People and places which consume abnormally large amounts of municipal goods and services--use more water, generate more trash and sewage, have more fires, or drive more miles in heavier vehicles, and so on--are fiscal problems for others only if others have to pay for the heavy users' costs. This alleged failure to pay is the other half of the argument. It seems to be the crux of the fiscal case

against mobile homes: that they do not pay their share of municipal costs because they are exempt from the municipal property tax.

### TAX AWARENESS

This is a very persuasive argument for people concerned about their municipality's property tax base and property tax rate. This concern includes most municipal officials. The general property tax is the most important single revenue raised from local sources and controlled by local government officials. Their dependence on the tax tends to make them sensitive (probably overly sensitive in Wisconsin) to reductions in the tax base--the assessed value of taxable property--and to view tax exempt property of any kind with suspicion, if not hostility.

### ARE TAXES EVERYTHING?

Most mobile homes are tax exempt.<sup>1</sup> Local officials and property taxpayers may be hostile to mobile home developments for this reason, believing that their own personal tax burdens increase because mobile homes use municipal services but pay no property taxes. This belief should be questioned because it is probably wrong. It is based most likely on the assumption that the property tax is the only source of municipal revenue. But as important as the property tax is, according to the Wisconsin Taxpayers Alliance, "only 27% of the \$1.9 billion in revenue of towns, villages and cities in Wisconsin was from locally-levied property taxes" in 1982.<sup>2</sup> The (73%) remaining municipal money came from a variety of federal and state (46%), and local revenues: mobile home occupants were as responsible as any other municipal residents for producing these non-tax revenues; indeed, some of these other revenues came to municipalities only because they contained mobile homes.

Rather than create "excessive costs" for municipalities, mobile homes could as easily be producing "excessive revenues." More than their fair revenue share. We may illustrate this peculiar possibility by describing the wide variety of revenues which flow to municipalities from mobile homes which--because they are tax exempt--are seemingly poor financial risks for the municipal treasury.

### SERVICE CHARGES AND SPECIAL ASSESSMENTS

First, a brief look at the law. State statutes permit (but do not require) municipalities to recover any of their costs which are caused by

<sup>1</sup> The intricacies of manufactured housing unit classification for tax purposes are described in the appendix to this paper.

<sup>2</sup> Your Wisconsin Government, June 1984.

mobile homes and mobile home parks. A special mobile home park law (s. 66.058, Wisconsin Statutes) gives every city council and village and town board the specific power to "levy and collect special assessments to defray the cost of municipal and educational services furnished to such...mobile home and mobile home park." This special grant of power to raise mobile home-related revenue to defray mobile home costs is reinforced by two additional, broad general grants of revenue authority to towns, villages or cities: 1) they may "levy and collect any special assessments upon property in a limited and determinable area for special benefits conferred upon such property by any municipal work or improvement..." and; 2) "special charges for current services rendered may be imposed by the governing body by allocating all or part of the costs to the property served." (s. 66.60(1) and (16).) Municipalities which choose to use these revenue powers can solve most of any "excessive," special, or peculiar mobile home costs which either directly benefit mobile home property or directly serve mobile home property.

What these laws make clear is that mobile homes and other properties exempt from the general property tax are not exempt from special assessments for the cost of permanent municipal improvements (curb and gutter, sidewalks, streets, sewers, etc.) that benefit the property. Exempt land and structures also may be charged for municipal services provided directly to them, such as "snow and ice removal, weed elimination, street sprinkling, oiling and tarring, repair of sidewalks or curb and gutter, garbage and refuse disposal, sewer service and tree care," and so on "without limitation because of enumeration..." Special charges are like special assessments as to their impact on the property tax: "because only those properties which specifically benefit from the improvement bear the cost of the improvement, the general property tax is not further burdened."<sup>3</sup>

### IN LIEU PAYMENTS

But what about costs or benefits which cannot easily be traced to exempt mobile homes and cannot reasonably or practically be charged to them or to any specific property? For example, assistance to people such as general relief or health screening, or services such as general government (clerk, treasurer, assessor, governing body), cost of utilities and maintenance of the municipal building, police protection, snow removal on major thoroughfares, and other municipal infrastructure and services benefiting everybody, but nobody in particular.

General revenues--most importantly, the municipal general property tax--normally are used to pay for public goods and services which cannot readily be charged to a specific person or property. Do property tax exempt mobile homes escape such general costs? Probably not, because they are, as a note to the most recent revision of the mobile home law put it: "subject to monthly mobile home parking permit fees in lieu of property taxes." (1983 Wisconsin Act 342, effective May 1984.) A large portion of this state-mandated mobile home parking fee constitutes a revenue "windfall" for the

<sup>3</sup> League of Wisconsin Municipalities, Special Assessments in Wisconsin, August 1981.

municipal treasury, compared to the tax a mobile home would pay if it were taxed like other (general) property.

Mobile home fees in lieu of property taxes raise more money for municipalities than property taxes would because of the way the fees are divided among property taxing jurisdictions. Whenever two or more occupied mobile homes are located on "any plot or plots of ground," a "mobile home park" has been created. Once created, every mobile home park must obtain a license from the municipality in which it is located. Any municipality which does license a mobile home park (any one that has one) must collect an annual license fee from the park operator and must collect from each mobile home in a park a "monthly parking permit fee."

State law further requires towns, villages, and cities to keep (and obviously allows them to spend) all of that portion of the mobile home fee which--if it were a property tax--would normally have to be turned over to the state, the county, and the vocational school district. The only part which the municipality does not retain for itself is an amount turned over to the school district in which the mobile home park is located. (All property within a municipality is located within and can be taxed by five different property taxing jurisdictions--the state, a county, a vocational school district, a regular school district and, of course, the municipality itself.) The municipality can subtract 10% from the fee "to cover the cost of administration." The school district then must be paid a percentage of the total monthly fee that remains: the percentage of the fee paid to the school district must be equal to whatever percentage the school district's tax levy was of the total taxes levied in the municipality by all governments during the current year.

#### THE CRANDON EXAMPLE

To illustrate how this complicated system of fee revenue in-lieu-of-taxes works, and generates more municipal revenue than a mobile home property tax would, we can create a hypothetical example using the City of Crandon. The total general property taxes levied in Crandon for collection in 1984 were \$578,467. (Wisconsin Department of Revenue, "Final Statement of Taxes for City of Crandon, Forest County.") A "Wisconsin State Property Tax Relief" (WSPTR) payment in 1984 reduced the gross taxes by \$55,637, so that the net tax which property owners actually had to pay was \$522,830. The "pieces" of the total tax bill on city property were as follows:

JURISDICTIONS TAXING PROPERTY IN CRANDON	PROPERTY TAXES IN CRANDON	
	DOLLAR AMOUNT	PERCENT OF TOTAL
State of Wisconsin	\$ 6,644	1%
Forest County	106,725	18
Nicolet Vocational District	45,252	8
Crandon School District	295,192	51
City of Crandon	124,654	22
TOTAL TAX LEVIES	\$578,467	100%
LESS WSPTR	- 55,637	
NET TOTAL TAX	\$522,830	

The market value of taxable property in Crandon was \$33,219,800, but the city assessor had the property valued for tax purposes at only \$2,780,290, or 8.37% of market value. (Wisconsin Department of Revenue, "Statistical Report of Property Values for Forest County." Local assessors can assess property at whatever ratio of market value they want, as long as all of the property is assessed at the same ratio.) The net total property tax divided by the assessed value of property produced a net assessed value tax rate of:

$$\frac{\text{Net Tax}}{\text{Assessed Value}} = \text{Assessed Value Tax Rate}$$

$$\frac{\$522,830}{\$2,780,290} = .18804$$

This means that property owners in Crandon owed a tax of \$188.04 on every \$1,000.00 of assessed value (about \$12,000 of actual market value) that they owned in the city.

Using these statistics the city officials then would determine what the "monthly parking permit fee" would be for each mobile home, and how much of that fee would be retained by the city itself. The mobile home park law specifies each step the city must take to make these determinations:

- 1) The municipal assessor determines the fair market value of each tax exempt mobile home;
- 2) The mobile home's fair market value is "equated" (ratioed up or down) to the level of assessment (assessment ratio) used for taxable property;
- 3) The equated value of the mobile home is then multiplied by the same net tax rate as was actually used to tax general property;
- 4) The sum thus computed, divided by 12, is the monthly mobile home parking fee to be collected from the mobile home owner;
- 5) The municipality deducts 10% from each parking fee payment and retains that sum as a municipal revenue to cover its administrative costs. (Regardless of what the 10% sum may be or what the administrative costs may be.);
- 6) Out of the fee remaining, the municipality pays the school district "such portion...as the ratio of the most recent property tax levy for school purposes bears to the total tax levy for all purposes in the municipality:" if the school tax was 50% of the total tax, the school district gets 50% of what's left of the fee; if the district's levy was 65% of the total levy it would get 65% of the fee, and so forth.
- 7) All of the remaining fee belongs to the municipal treasury and may be spent to defray any municipal cost.

#### TAXES VERSUS FEES

Working through these 7 steps for the City of Crandon example:

- 1) Assume the assessor established the fair market value of one of the mobile homes in a Crandon mobile home park to be \$15,000.

- 2) The level of assessment in Crandon for 1984 taxes was 8.37%, so the equated assessed value of this mobile home would be:

$$\$15,000.00 \times .0837 = \$1,255.50$$

- 3) The assessed value tax rate used for 1984 was .18804, so the total annual fee to be collected from the owner of this mobile home would be:

$$.18804 \times \$1,255.50 = \$236.08$$

- 4) The fee paid each month to the city would be:

$$\frac{\$236.08}{12} = \$19.67$$

12

(If the municipality forced the park operator to collect the monthly fee the operator could keep 2%. Assume for this hypothetical case that fees are paid directly to the city.)

- 5) The city keeps 10% for administration:

$$\$19.67 - \$1.96 = \$17.71 \text{ remaining fee.}$$

- 6) In 1984 the school district imposed 51% of the total tax levied on property in Crandon, so the city would have sent 51% of the amount remaining to the Crandon School District each month as this mobile home's share of school costs:

$$\$17.71 \times .51 = \$9.03 \text{ to Crandon School District}$$

- 7) What remains, plus the 10% deduction for administration, is the city's share of the mobile home fee. Under this example:

$$\$17.71 - \$9.03 = \$8.68 + \$1.96 = \$10.64 \text{ monthly from a } \$15,000 \text{ mobile home, or } \$127.68 \text{ for the 1984 tax year.}$$

In our example the city received \$127.68 of the total \$236.08 parking fee paid by the mobile home, or about 54%. This is much more than Crandon would have received if the mobile home would have paid a property tax instead of a parking fee. This is because the city's share of the tax on any property in 1984 was only 22% of the total. (See earlier table.) In our mobile home example, parking fees brought in twice as much as property taxes would have:  $.22 \times \$236.08 = \$51.93$  in municipal property taxes versus \$127.68 in municipal parking fees.

### EQUITY, AND THEN SOME

An interesting fact which tends to be overlooked is that the mobile home owner pays almost exactly the same sum in parking fees as he or she would if the mobile home were taxed as general property. There could be a slight difference (more or less) because of differences in assessment dates or a change in tax relief. But land under an exempt mobile home is taxable just like other general property. And both the fee and the tax would be calculated the same way. There is irony in this for the municipal official who may be biased against mobile homes simply because they are tax exempt. Owners of mobile homes get no "tax break" because they are tax exempt: the total mobile home parking fee is virtually the same as the total tax would be. Municipalities, however, do get a "tax break" because of exempt mobile homes: they keep more of the parking fee than they would of a total property tax.

## REGULATION FEES AND COMPLIANCE CHARGES

In addition to the monthly parking fee, and special charges for current services to mobile home property, and special assessments for capital improvements that benefit mobile home property, three minor forms of regulation and compliance revenues are specifically authorized for municipalities from mobile homes: 1) The municipality must charge an annual license fee to mobile home park operators of no less than \$25 nor more than \$100 for each 50 spaces or less within each park in the municipality; and 2) whenever a mobile home park license is transferred to another operator the municipality may collect a \$10 transfer fee; and finally 3) municipalities may impose a fine of up to \$25 on park operators or mobile home owners who fail to report when a new mobile home is situated in the municipality.

## SLICING THE FEDERAL PIE

Beyond these three drops in the municipal bucket, it was noted earlier that 46% of all municipal revenues come from federal and state governments. The role that exempt mobile homes and their occupants play in generating state and federal money for a municipality is complex but likely to be fairly positive in every municipality where they are located. For example, Federal Revenue Sharing payments to municipalities are based upon each municipality's resident population, local government's costs, and individual income compared to other municipalities in Wisconsin and the nation. Somewhat ironically again, to the extent that mobile home occupants establish residency in the municipality, or cause municipalities to raise and spend money, or have lower than average incomes, they are positive factors in generating federal revenue sharing dollars for the municipal treasury.

## PER CAPITA PAYMENTS PER SE

Another way (and in most municipalities a most important way) in which tax exempt mobile homes influence local finance, is through the state's program of "shared revenue" payments. State shared revenue distributions to municipalities are based upon a lengthy and complicated formula.<sup>4</sup> The formula distributes revenue to local governments measured according to: 1) their resident population; and 2) the value of certain tax exempt utility property within their boundaries; and 3) their property tax capacity. The municipal population and tax capacity parts of the formula are directly relevant to the potential fiscal impact of mobile homes. (The utility part of the formula may be ignored.)

First, the simple part, the per capita payment. A portion of the total shared revenue "pot" is used to make per capita payments to towns, villages and cities. Each municipality receives its share of the total per capita

<sup>4</sup> For details of the formula and its history see: Wisconsin Legislative Fiscal Bureau, Shared Revenue Program, January 1984.



distribution according to its share of Wisconsin's total population. This means that the amount of funds (currently about \$143 million) allocated by state law for the per capita payment is divided by the state's estimated total population to determine the distribution per municipal resident. (Everyone in Wisconsin resides within a town, village or city.) That per capita amount is multiplied by each municipality's annual estimated population and the result is paid to the municipal treasurer. In 1984 the per capita payment was an estimated \$29.75. ("Estimated" for 1984 because the current year is not yet completed.)

### THE PROPERTY TAX CONNECTION

This year, for example, the City of Crandon's population is projected to be 2,015 so its per capita shared revenue projection for the 1984 budget was:  $2,015 \times \$29.75 = \$59,946$ . When the Crandon City Council was making revenue estimates for its 1984 budget--in the fall of 1983--it could have projected this amount, \$59,946, as its anticipated share of the state's per capita distribution, and reduced its anticipated municipal property tax levy by that same amount.

The anticipated per capita payment, like any other non-tax municipal revenue source (including mobile home parking fees), is a dollar for dollar reduction in the municipality's need to levy property taxes: a dollar in shared revenues, parking fees, license fees, special assessments, special charges, and any other municipal revenue source buys as much for the municipality as a dollar raised in property taxes. The property tax levy depends, therefore, not only on what the municipality plans to spend next year, but also on what it expects to receive in non-tax revenues.

The state's per capita payment (which reduces every municipality's dependence on property taxes) is the same amount regardless of the taxable value of the home in which a resident lives: Crandon would receive \$29.75 for the occupant of a mansion assessed at \$100,000, and \$29.75 for the occupant of a mobile home which is tax exempt. Again, the tax exemption has no adverse fiscal impact on this important source of municipal non-tax revenue.

### STATE EQUALIZATION AID: LOW VALUES = HIGH REWARDS

The final revenue source to be described is the "tax capacity" component of the state shared revenues formula. To explain fully how this arcane formula works would require much more space than is available here. What follows, then, is a greatly simplified but hopefully accurate version of how more than a half billion dollars is distributed annually to county and municipal governments. With this formula the state is trying to equalize each municipality's property tax capacity by underwriting each municipality's actual property tax base. In other words, the state guarantees a minimum, or standard, amount of taxable property value per capita (excluding the value of manufacturing property) to each town, village and city in Wisconsin.

The amount guaranteed by the state changes every year and in 1984 is \$35,800 of taxable value per person. (Because of the difference in local assessment ratios the state uses "full" or market values rather than local assessed values, to measure tax capacity.) Using this guaranteed value as an index of tax capacity, the state determines how many state aid dollars each municipality needs to "equalize" its tax capacity, compared to other municipalities. In 1984, for example, any municipality which actually had more than \$35,800 in per capita value did not need any "equalizing" aid, because its actual value exceeded the state guaranteed value.

Five of the 15 municipalities in Forest County (where Crandon is located) had more than \$35,800 value per capita and, therefore, are projected to receive no equalization aid this year: these include the towns of Freedom, Hiles, Lincoln, Nashville, and Popple River. (Wisconsin Department of Revenue, "Determination of 1984 Percent of Aidable Revenues and Per Capita Payments," October 1983.) Other municipalities in Forest County had from 96% of the guaranteed value (Town of Alvin) down to only 20% in the Town of Blackwell. The City of Crandon had about 46% of the value guaranteed by the state for computation of 1984 equalization aid:

Crandon's Actual	
Per Capita Value	
<u>\$16,426</u>	= 45.9% of Guaranteed
\$35,800	
State's Guaranteed	
Per Capita Value	

State equalization aid can be thought of as a matching grant to municipal governments. The state will match a certain percentage of every dollar raised by a municipality from its own local revenue sources: municipal property taxes, fees, fines, special assessments, service charges, and so forth. The percentage matched depends upon each municipality's own property tax capacity compared to the statewide index. (The \$35,800 for this year.) This meant no matching dollars for towns like Freedom and Hiles in Forest County which had more value per capita than \$35,800. But a state match of local revenues for others ranged from 4% for the Town of Alvin (which had 96% of the state guaranteed value) to an 80% match for Blackwell (which had only 20% of the value guaranteed).

For every \$1.00 raised by the City of Crandon from its own sources, the state contributed another 54¢ in equalization aid. (Because Crandon had only 46% of the guaranteed value.) For 1984, the state estimated Crandon's local revenue effort to be \$242,609. This meant that the state's match of about 54% amounted to approximately \$131,000. This projected state equalization aid--just like the state per capita payment--reduced Crandon's dependence on the municipal property tax levy by another \$131,000.

EXEMPT MOBILE HOMES: NO VALUES = VERY HIGH REWARDS

The relationship of equalization aid to tax exempt mobile homes may be obvious by now, but the details can be emphasized using our Crandon example. Assume there are 50 mobile homes in a licensed park in the city. The license fee paid by the park operator, the general property tax paid on the land, the

parking fees paid by the mobile home owners and retained by the city, service charges and special assessments paid to the city, and any other municipal revenues produced by mobile homes would "draw down" equalization aid from the state, exactly like the property tax or other revenues collected from the owners of taxable property.

In the case of equalization aid, however, a tax exempt mobile home can have an even more favorable impact on a municipality than a taxable home having the same market value. For our final example of the potential fiscal impact of mobile homes, assume the Crandon City Council could have allowed two types of residential developments to be added to the city: 1) our hypothetical mobile home park with 50 tax exempt units worth an average \$15,000 and containing an average of three occupants each; or 2) a taxable, 50 unit apartment building with each apartment worth \$15,000 in taxable value and also averaging three occupants per unit.

For purposes of computing equalization aid in 1984, the mobile home park (which added 150 people but no taxable value) would have decreased Crandon's actual value from \$16,426 to \$15,289. Other things being equal, this would have increased the state's match of local revenues from 54¢ on the dollar to 58¢. (Or from \$131,000 in equalization aid to about \$141,000, a revenue gain to the city of \$10,000.)

The taxable apartment building, on the other hand, would have added \$750,000 in taxable market value along with its 150 apartment dwellers. This would have changed Crandon's actual value for equalization aid from \$16,426 to \$15,635 and the state's match would have gone from 54¢ to 56¢. (Or up from \$131,000 in aid to only about \$136,000.) If the Crandon City Council's only concern was maximizing its share of state equalization aid, then the fiscal impact of the tax exempt mobile home development would be worth twice as much as the taxable apartment building: \$10,000 more in aid for the mobile home park versus only \$5,000 more for the apartment building.

### CONTROLLING FISCAL IMPACTS

Tradition and "common knowledge" argue that tax exempt property shouldn't be as fiscally attractive to a municipality as taxable property. Unfortunately, tradition and common sense may not always be reliable guides to the current realities of local government finance in Wisconsin.

For most municipalities the net fiscal impact of having mobile home parks probably is positive: that is, mobile home parks are likely to produce more revenue for the town, village or city than they extract from it in public improvement and service costs. Furthermore, non-taxable mobile homes are likely to be more fiscally advantageous to the municipalities (from a revenue standpoint) than are conventional, taxable homes.

The word "likely" has been used very deliberately here because fiscal impacts cannot be predicted with certainty. Municipalities are significantly different with respect to their level of dependence on state equalization aids, the local property tax, and other revenues: for example, some places may prefer to use general revenues rather than to charge users directly for

the services they consume. There also are vast differences in the variety and level of services provided by each municipality. Costs can differ substantially even among municipalities having the same level and service mix.

Most difficult to predict, however, is how local officials will react to a potential development. The subject of municipal costs, and how they are paid, need not be left to some invisible force of economic development. To a very large extent, fiscal impacts--how much to spend, on what, and who to charge--can be whatever local government officials and employees want them to be, providing they can agree (early enough) on what is desirable.

## APPENDIX

### Assessment and Tax Status of "Mobile Homes"

#### MOBILE HOMES

The assessment of mobile homes and a wide variety of similar devices and vehicles has been troublesome for some time. This may be due, at least in part, to the many types of mobile homes and the fact that they can be assessed as real estate or personal property in some cases, subject to a monthly parking fee in other cases, and completely exempt from the general property tax and parking fee in still other cases. To better understand the assessment of mobile homes, it is necessary to know what constitutes a mobile home as defined by law.

Section 66.058(1)(e), stats., defines mobile homes as "that which is, or was as originally constructed, designed to be transported by any motor vehicle upon a public highway and designed, equipped and used primarily for sleeping, eating and living quarters, or is intended to be so used; and includes any additions, attachments, annexes, foundations and appurtenances." Section 70.043, stats., distinguishes between a mobile home as real property or personal property. It states "(1) A mobile home as defined in s. 66.058(1)(e) is an improvement to real property if it is connected to utilities and is set upon a foundation upon land which is owned by the mobile home owner. In this section, a mobile home is 'set upon a foundation' if it is off its wheels and is set upon some other support. (2) A mobile home as defined in s. 66.058(1)(e), is personal property if the land upon which it is located is not owned by the mobile home owner or if the mobile home is not set upon a foundation or connected to utilities." In order to be classified as an improvement to real property all three conditions must be met, that is, connected to utilities, set upon a foundation, and located on land owned by the mobile home owner. If the mobile home meets all three conditions, it is an improvement to real property. If only one or two of the three conditions is met it is personal property. Improvements to real property are assessed as is all other real property.

It is important that the assessor be able to distinguish between mobile homes, camping trailers and recreational mobile homes, and motor homes since the taxable status of these is not the same.

A camping trailer is defined by s. 340.01(6m) as a vehicle with a collapsible or folding structure designed for human habitation and towed upon a highway by a motor vehicle. This would include pop-up camping trailers.

A recreational mobile home is a mobile home as defined in s. 66.058 (see above definition of mobile home) that is no greater than 35 feet in length, no greater than 8 feet in width, and primarily designed, and used by the owner, as a recreational, not residential, vehicle. To qualify as a recreational mobile home, the mobile home must meet *all* of these criteria.

A motor home is a motor vehicle designed to be operated upon a highway for use as a temporary or recreational dwelling and having the same internal characteristics and equipment as a mobile home. This would include buses or vans equipped as living units such as a Ford Camper, Dodge Motor Home, or Winnebago Motor Home.

For property tax purposes, all property as broadly defined in ss. 70.02, 70.03, and 70.04 stats., is assessable unless specifically exempt by statute. Furthermore, all exemptions are to be strictly interpreted and not enlarged by exempting what may appear to be similar in kind.

The statute that exempts "mobile homes" is s. 70.112(7), stats., which states: "Every mobile home subject to a monthly parking fee under s. 66.058."

The net result of s. 66.058, stats., and s. 70.112(7), stats., is: (1) Mobile homes as defined in s. 66.058 that meet the conditions of improvements to real property will be assessed as is all other real property. (2) Mobile homes that are not improvements to real property and are located in a municipality that has enacted a mobile home ordinance under s. 66.058 are subject to monthly parking permit fees. (3) Mobile homes that are not improvements to real property and are located in a municipality that has not enacted a mobile home ordinance under s. 66.058 are assessed as is all other personal property.

If a mobile home is taxed by special ordinance under s. 66.058, the tax has been construed by the Supreme Court to be in the nature of a local excise tax and not a general property tax. The monthly parking fee provided for by the ordinance apply to both occupied and unoccupied mobile homes. The monthly fee is determined by taking the full market value of the mobile home excluding the tax-exempt household furnishings and equating the value to the general level of assessment of all other property using the ratio used to estimate the full market value

for the prior year's tax bills. This equated value shall be multiplied by the general property gross tax rate less any property tax credit under s. 79.10 established on the preceding year's assessment of general property. This result is then divided by 12 to arrive at the monthly fee. The fee is applicable to mobile homes moving into the tax district any time during the year. The monthly fees actually paid are allowed as deductions for income tax purposes as are real estate taxes paid.

Section 70.111(19), stats., exempts all camping trailers and recreational mobile homes (as previously defined) from personal property taxes; however they may still be subject to parking fees depending on where they are located. Section 66.0585, stats., provides that in any municipality, camping trailers and recreational mobile homes can be assessed parking fees as established under s. 66.058 except for those located in a campground licensed under s. 140.05(17) or located on land where the principle residence of the owner of the mobile home is located. The parking fee may be charged regardless of whether or not they are occupied. This applies only if the municipality desires to collect the fee. It is not mandatory.

No parking fees shall be imposed for any space occupied by a mobile home, camping trailer, or recreational home that is accompanied by an automobile for an accumulating period not to exceed 60 days in any 12 months if the occupants of the mobile home, camping trailer, or recreational mobile home are tourists or vacationists.

Motor homes, as previously defined are considered to be motor vehicles and are exempted from general property taxes by s. 70.112(5) which provides an exemption for all motor vehicles.

Much confusion results from the fact that some trailers are licensed by the Wisconsin Department of Transportation. Individuals then wonder why the local government can also place a tax on them and many construe this as "double taxation." In fact, the licensing amounts to a fee for that particular vehicle to travel and use the highways and the monies raised by these licenses are part of the State Treasury and are used by the Department of Transportation for highway development, road resurfacing and the like. Totally separate from the highway license fee is the property tax which is used to raise money needed by the local government to finance local services.

When assessing mobile homes, the assessor should collect data on the physical features of each mobile home and record it on a mobile home listing sheet. The data collected should include: manufacturer; model name; serial number; size; age; condition; number of rooms; any extras such as porches, patio, skirting, basement, air conditioning, etc.; location (i.e., whether located in a mobile home park and the size of the park, or on a lot and the size of the lot); and types of services provided such as water, sewer, gas, electricity, streets, etc. The Department of Revenue has developed a mobile home valuation worksheet (PA-117) on which this data should be recorded. A copy of the form is found in Chapter 17. Complete data collection is necessary to allow the use of the applicable approaches to value, and enables the assessor to more readily defend the assessments.

In determining the value of mobile homes, the assessor should consult with mobile home dealers in the area. They will have current information on the cost of new mobile homes, and should also be able to provide data on the amounts for which used mobile homes are selling.

Another source for cost data is a "blue book." Blue books contain information on the resale value of various models of mobile homes which can be used as a guide in arriving at value estimates for mobile homes. The appendix lists several different sources for blue books.

When using the sales comparison approach, the assessor may find that there have been few mobile home sales in the municipality. This will necessitate checking sales in neighboring districts. Where mobile homes have sold, a sales analysis should be performed. When analyzing the sales, the assessor should be sure to find out what personal property has been included in the sale. Since many mobile homes are sold with the furniture included it will be necessary to deduct the amount of the household furnishings from the sale price since these items are exempt from the general property tax.

It is important that the assessments of mobile homes be reviewed and adjusted on an annual basis. This is necessary because mobile homes generally will not change in value at the same rate as real estate. Therefore, these assessments must be checked to be sure that they are at the same general level of assessment as other property in the municipality.

Figure 15-2 illustrates the effect of the exemption laws on the assessment of various types of mobile homes, vehicles, and trailers when situated in towns, villages, or cities.

Figure 15-2

The Effect of the Exemption Laws on Various Types of Mobile Homes, Vehicles, or Other Devices

Type of House Trailer, Vehicle, or Other Device	Exempt Under General Property Tax		Subject to Parking Fee at Rates Under S. 66.058		Statutory Definition	Comment
	Cities, Villages, and Towns With Trailer Ordinance Under S. 66.058	Cities, Villages, and Towns Without Trailer Ordinance Under S. 66.058	Cities, Villages, and Towns With Trailer Ordinance Under S. 66.058	Cities, Villages and Towns Without Trailer Ordinance Under S. 66.058		
Pop-up camping trailers designed especially to expand into a tent with built-in space for mattresses and other fixtures.	Yes	Yes	Yes If desired by municipality UNLESS in campground or located on land where the principal residence of the mobile home owner is located	Yes If desired by municipality UNLESS in campground or located on land where the principal residence of the mobile home owner is located.	Camping Trailer 340.01(6m) 70.112(7) 70.111(19)(a) 66.0585	These units are transported by a motor vehicle. If the camper's gross weight is 3,000 pounds or less, the unit is not required to have license plates; however, at the option of the owner it may be licensed. Coleman, Starcraft, Jayco, and Bethany are some brand names/manufacturers of this type of product.
Camper body installed or mounted on pick-up truck	Yes	Yes	Yes If desired by municipality UNLESS in campground or located on land where the principal residence of the mobile home owner is located.	Yes If desired by municipality UNLESS in campground or located on land where the principal residence of the mobile home owner is located.	Recreational Mobile Home 66.058(1)(e) 70.112(7) 70.111(19)(b) 66.0585	These camper bodies are not considered to be part of a motor vehicle. The truck unit would be personal property, exempt from general property tax as per s. 70.112(4), but would require a license plate as it is a motor vehicle. The camper body itself is exempt from property tax under s. 70.111(19).
Recreational Mobile Home A mobile home (as defined in s. 66.058) that is no greater than 35' in length and 8' in width and primarily designed and used by the owner as a recreational, not residential vehicle.	Yes	Yes	Yes If desired by municipality UNLESS in campground or located on land where the principal residence of the mobile home owner is located.	Yes If desired by municipality UNLESS in campground or located on land where the principal residence of the mobile home owner is located.	Recreational Mobile Home 66.058(1)(e) 70.112(7) 70.111(19)(b) 66.0585	Mobile homes which are less than 35' in length or 8' in width, but are used as a residence, would not be considered a recreational mobile home, and would, therefore, be subject to a parking fee in municipalities that have adopted an ordinance, or assessed as personal property in municipalities without an ordinance.
House Trailers greater than 35' in length or 8' in width or primarily used by the owner for residential purposes that is not connected to utilities, or not on a foundation, or not on land that is owned by the mobile home owner.	Yes	No Assessed as Personal Property	Yes	No Assessed as Personal Property	Mobile Home 66.058(1)(e) 70.112(7) 70.043(2)	

Type of House Trailer, Vehicle, or Other Device	<u>Exempt Under General Property Tax</u>		<u>Subject to Parking Fee at Rates Under S. 66.058</u>		Statutory Definition	Comment
	Cities, Villages, and Towns With Trailer Ordinance Under S. 66.058	Cities, Villages, and Towns Without Trailer Ordinance Under S. 66.058	Cities, Villages, and Towns With Trailer Ordinance Under S. 66.058	Cities, Villages, and Towns Without Trailer Ordinance Under S. 66.058		
House trailer with additons, attachments, annexes, foundations, and appurtenances connected to utilities and set upon a foundation on land which is owned by the mobile home owner.	No Assessed as Real Estate	No Assessed as Real Estate	No Assessed as Real Estate	No Assessed As Real Estate	Not a Mobile Home 66.058(1)(e) 70.043(1)	This means that a house trailer may be assessed as real estate only if it meets the conditions of s. 70.043(1).
Twin-section units transported on wheels or dolly and fastened together at the site; each section may be as wide as 14' and of variable lengths.	No Assessed as Real Estate	No Assessed as Real Estate	No Assessed as Real Estate	No Assessed as Real Estate	Not a Mobile Home 66.058(1)(e)	Since these units are not considered to be a mobile home, they qualify to be assessed as real estate. For purposes of definition, by F.H.A. Standards, the twin section units are often referred to as 'modular' homes. These units may be erected on piers or foundation walls with a crawl space or full basement.
Buses or vans equipped as living units such as 'Ford Camper' 'Dodge Motor Home,' and 'Winnebago Motor Homes.'	Yes	Yes	No	No	Motor Vehicle 70.112(5)	Wisconsin Statute 70.112(5) exempts motor vehicles from the general property tax. The 'campers' referred to here are a single unit—a combination of mobile home and motorized vehicle.