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Report to the Colorado General Assembly

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MOBILE HOME TAXATION



COLORADO LEGISLATIVE COUNCIL

RESEARCH PUBLICATION NO. 186

November, 1972

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* * * * *

The Legislative Council, which is composed of six Senators, six Representatives, plus the Speaker of the House and the Majority Leader of the Senate, serves as a continuing research agency for the legislature through the maintenance of a trained staff. Between sessions, research activities are concentrated on the study of relatively broad problems formally proposed by legislators, and the publication and distribution of factual reports to aid in their solution.

During the sessions, the emphasis is on supplying legislators, on individual request, with personal memoranda, providing them with information needed to handle their own legislative problems. Reports and memoranda both give pertinent data in the form of facts, figures, arguments, and alternatives.

MOBILE HOME TAXATION

**Legislative Council
Report To The
Colorado General Assembly**

**Research Publication No. 186
November, 1972**

COLORADO GENERAL ASSEMBLY



LEGISLATIVE COUNCIL

ROOM 46 STATE CAPITOL
DENVER, COLORADO 80203
892-2285
AREA CODE 303

November 27, 1972

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Senior Analyst

MITCHEL BEVILLE
Research Associate

KAY MILLER
Research Associate

WALLACE PULLIAM
Research Associate

To Members of the Forty-ninth Colorado General Assembly:

In accordance with the provisions of Senate Joint Resolution No. 7, 1972 Session, the Legislative Council submits the accompanying report and recommendations pertaining to mobile and moveable home taxation.

The report of the Committee on Mobile Home Taxation was accepted by the Legislative Council for transmission with recommendation for favorable consideration by the first regular session of the Forty-ninth Colorado General Assembly.

Respectfully submitted,

/s/ Representative C. P. (Doc) Lamb
Chairman

CPL/mp

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REP. CLARENCE QUINLAN

November 27, 1972

Representative C. P. (Doc) Lamb
Chairman
Colorado Legislative Council
Room 46, State Capitol
Denver, Colorado 80203

Dear Mr. Chairman:

Pursuant to Senate Joint Resolution No. 7, the Committee on Mobile Home Taxation submits the following report for consideration by the Legislative Council.

The Committee's findings and recommendations concern taxation policies to provide a more equitable formula for mobile home owners and to aid local officials in the administration of such taxes.

The Committee has concluded that the recommended bills will result in a more realistic taxation structure by treating mobile home taxation similar to that of conventional homes rather than motor vehicles. The present confusion of responsibility for local tax administration will be largely resolved by placing jurisdiction in the office of the county clerks.

Respectfully submitted,

Senator George Jackson
Chairman

Committee on Mobile Home Taxation

GJ/mp

FOREWORD

The Committee on Mobile Home Taxation was established by the Legislative Council pursuant to the directive of Senate Joint Resolution No. 7 of the Second Regular Session of the Forty-eighth General Assembly (1972). The directive called for a study of mobile and moveable home taxation.

Members appointed to this Committee are:

Sen. George Jackson	Rep. Betty Benavidez
Chairman	Rep. Charles DeMoulin
Rep. Ray Black	Rep. Harold Evetts
Vice-Chairman	Rep. Wallace Hinman
Sen. Chester Enstrom	Rep. Leo Lucero
Sen. Don MacManus	Rep. Parker Sooter
Sen. Kingston Minister	Rep. Walt Younglund
Sen. Ted Strickland	

Primary attention was devoted by the Committee to resolving the situation whereby some homes are taxed on an ad valorem basis and others under specific ownership. Extensive hearings were devoted to numerous additional problems faced by mobile home owners and park personnel. In keeping with its directive, the Committee recommends legislation relating only to the taxation of mobile homes.

Legislative Council staff members Allan Green, Research Associate, and Jim Henderson, Research Assistant, were assigned to assist this Committee. Vincent Hogan, Staff Attorney in the Legislative Drafting Office, provided excellent assistance in the preparation of the Committee bills.

November 27, 1972

Lyle C. Kyle
Director

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COMMITTEE FINDINGS AND RECOMMENDATIONS

The Committee on Mobile Home Taxation sought and received testimony from a variety of individuals and groups concerning the need for legislation relating to many aspects of mobile home living. As charged by the 1972 General Assembly, the primary focus of the Committee was devoted to the formula by which mobile homes are taxed. The Committee recommendations include the establishment of a new mobile home taxation formula (Bill A) and the requirement that the Department of Highways report to the county clerks all issuances of special permits for moving mobile homes (Bill D). In addition, the Committee recommends that application of sales tax be removed from the second and subsequent sales of mobile homes (Bill B) and that liens on mobile homes be valid for the entire term of the chattel mortgage (Bill C).

Numerous parties, including representatives of financial institutions, state and local governments, mobile home park owners and managers, mobile home dealers, and mobile home residents, testified to the Committee concerning the need for legislation relating to mobile homes. After devoting extensive attention to eviction laws and other legislation concerning mobile home park residency, the Committee concluded that such issues could be more properly considered by the Committee on Local Government.

Mobile Home Taxation Formula (Bill A)

On the basis of testimony presented to the Committee, the following five problem areas concerning the current taxation formula were discerned:

- (1) The current situation of some mobile homes taxed ad valorem and others as specific ownership;
- (2) The question of making mobile home taxation more equitable in comparison to real property taxation;
- (3) The inflexibility of the current statutory taxation rate;
- (4) The deduction of all mobile home taxes from the School Foundation Act; and
- (5) The lack of statutory authority for mobile home valuation to be included for local government bonded indebtedness.

The Committee determined, on the basis of Article X, Section 6 of the Constitution of Colorado which requires that mobile homes be subjected to a graduated annual specific ownership tax, that two alternatives were available. Either the Constitution could be amended or the specific ownership tax as it relates to mobile homes could be revised. It was the conclusion of the Committee that enactment of a constitutional amendment and the necessary implementing legislation would require a lengthy period of time and, in the interest of resolving this troublesome problem, legislation be recommended which would provide a new mobile home taxation formula within the scope of the present specific ownership taxation statutes.

Recommended Bill A would establish a new Class G specific ownership tax. This tax would apply only to mobile homes which are defined on the basis of size and design for residential occupancy. Trailer coaches would remain as Class E personal property, with no changes in taxation.

The Committee's recommendation would provide the following taxation formula for mobile homes:

(1) Mobile homes would be valued on the basis of factory list price or 75 percent of retail delivered price, less 20 percent deduction for household furnishings, as the statutes currently provide;

(2) To the above determined value, a depreciation factor would be applied, based on tables prepared by the State Department of Revenue;

(3) The valuation for assessment would be computed at 30 percent of depreciated value, which is now the policy for conventional homes;

(4) Mobile home specific ownership taxation would be based on the valuation for assessment applied to the local mill levy;

(5) The distribution of revenues from mobile home taxation would remain the same, but in lieu of the deduction of all mobile home tax revenue in computing the state's share of Foundation Act assistance to a district, such specific ownership revenue would be subject to the same requirements as of valorem tax proceeds.

(6) Assessed valuation of mobile homes would be included in the bonding capacity of all local governments, including school districts.

The recommended legislation would apply to all mobile homes except those which were assessed for ad valorem taxes on or before January 1, 1973. The effect of the bill would be to place the responsibility for mobile home tax collection with the county clerks except for those mobile homes currently taxed ad valorem by the county assessor. Although some division of responsibility between the county clerk and assessor would remain, this problem would be phased out over a period of time.

The costs to the Department of Revenue for implementation of this legislation would be less than \$100,000 annually. A memorandum from the Department of Revenue indicating the fiscal impact is attached as Appendix A.

The intent of Bill A is to establish a specific ownership taxation formula for mobile homes similar to that of conventional homes in the same locality. It is not presented as a tax increase bill. For some mobile home owners it could result in increased taxes, for others a decrease. In the event of mill levy reductions, under consideration by the State and Local Finance Committee, substantial tax benefits could be gained by mobile home owners.

Recognizing the constitutional issues involved in such a formula, the Committee has agreed to seek an opinion of the Attorney General regarding the constitutionality of Bill A.

Sales Taxation on Mobile Homes (Bill B)

A mobile home is currently subject to sales taxation at the time of first sale and each subsequent sale under Section 138-5-13, C.R.S. 1963, as amended. This statute places mobile home sales on the same basis as those of motor vehicles, rather than conventional homes.

The Committee has received testimony that the sale price of a new conventional home typically includes the sales tax on materials used in construction, but that such taxes are not incorporated in subsequent sales. It is the opinion of the Committee that the current procedure of assessing sales taxes on second and subsequent sales of mobile homes constitutes an inequitable tax burden on the mobile home owner as contrasted to the conventional home owner.

The Committee proposes that Bill B be considered by the 1973 General Assembly. Bill B provides that after a mobile home has been subjected to the payment of sales tax by virtue of Section 138-5-13, C.R.S. 1963, as amended, the mobile home is exempt on any subsequent sale from the sales

and use tax. Home rule cities' local sales taxes would be excluded from the coverage of this bill.

Lien Extensions (Bill C)

Under existing law, a chattel mortgage on a mobile home must be renewed every two years. Testimony presented to the Committee by representatives of financial institutions and county clerks indicated that this requirement is cumbersome and expensive to administer.

Bill C would make a lien shown on a mobile home title valid for the entire term of the chattel mortgage without the necessity of renewals by the chattel mortgage holder as is required for all other vehicle titles.

Special Permits for Moving Mobile Homes -- Reporting (Bill D)

A major problem confronting county clerks and assessors has been that of locating mobile homes which have moved into the county during the previous year. Testimony presented to the Committee by representatives of the clerks and assessors indicated that it is costly in terms of time and staff for the clerk or assessor to travel throughout the county attempting to locate unlicensed mobile homes.

Bill D would provide a substantial aid to the responsible local official (the county clerk) in the collection of specific ownership taxes by requiring the mobile home mover to provide evidence of payment of specific ownership taxes to the State Department of Highways before the Department could issue a special permit for a mobile home to be moved over highways. Further, copies of the special permit, which would be required to show the specific point of departure and destination, would be forwarded to the county clerk of the county of departure and the county of destination and to the Department of Revenue.

Further, the bill would aid mobile home movers by placing sole permit issuance authority with the Department of Highways or State Patrol for any move which involves state or federal highways. Moves involving only city or county roads would remain the responsibility of city or county officials.

TEXT

BILL A

A BILL FOR AN ACT

CONCERNING SPECIFIC OWNERSHIP TAXATION OF MOBILE HOMES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 13-1-1 (10), Colorado Revised Statutes 1963, as amended by section 1 of chapter 32, Session Laws of Colorado 1972, is amended to read:

13-1-1. Definitions. (10) (a) "Trailer coach ~~or mobile~~ home", any wheeled vehicle HAVING AN OVERALL WIDTH NOT EXCEEDING EIGHT FEET AND AN OVERALL LENGTH EXCLUDING TOWING GEAR AND BUMPERS OF NOT LESS THAN TWENTY-SIX AND NOT MORE THAN THIRTY-TWO FEET, without motive power, which is designed and generally and commonly used for occupancy by persons for residential purposes, in temporary locations, and which may occasionally be drawn over public highways by a motor vehicle.

(b) "MOBILE HOME", ANY WHEELED VEHICLE EXCEEDING EITHER EIGHT FEET IN WIDTH OR THIRTY-TWO FEET IN LENGTH EXCLUDING TOWING GEAR AND BUMPERS, WITHOUT MOTIVE POWER, WHICH IS DESIGNED AND COMMONLY USED FOR OCCUPANCY BY PERSONS FOR RESIDENTIAL PURPOSES,

EXPLANATION

Definition of trailer coach

Defines trailer coach exclusive of mobile home. Establishes maximum width and minimum and maximum length for trailer coach.

Definition of mobile home

Defines mobile home as exceeding width or length of a trailer coach and commonly used for occupancy by persons for residential purposes.

TEXT

EXPLANATION

IN EITHER TEMPORARY OR PERMANENT LOCATIONS, AND WHICH MAY OCCASIONALLY BE DRAWN OVER THE PUBLIC HIGHWAYS BY A MOTOR VEHICLE.

SECTION 2. 13-3-4, (1) (f), Colorado Revised Statutes 1963 (1971 Supp.), is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

13-3-4. Classification - taxable value - imposition of tax.

(1) (f) (i) Every trailer coach shall be Class E personal property.

(ii) Every mobile home shall be Class G personal property except those which were assessed for ad valorem taxes on or before January 1, 1973. At any time any such mobile home is no longer subject to ad valorem taxes for any reason it shall be classified as Class G Personal Property.

SECTION 3. 13-3-4 (3), Colorado Revised Statutes 1963 (1969 Supp.), is amended to read:

Class E -- trailer coaches

Trailer coaches continue to be taxed as Class E personal property.

Class G -- mobile homes

All mobile homes, except those assessed for ad valorem taxes on or before January 1, 1973, would be subject to a new Class G personal property tax.

TEXT

EXPLANATION

13-3-4. Classification - taxable value - imposition of tax.

(3) (a) EXCEPT FOR CLASS G PERSONAL PROPERTY the taxable value of every item of classified personal property shall be the value determined for the year of its manufacture, or the year for which it be designated by the manufacturer thereof as a current model, and such determined taxable value shall remain unchanged during the life of such item. Regardless of the date of acquisition by an owner, the year of manufacture or the year for which designated by the manufacturer as a current model shall be considered as the first year of service. The maximum rate of specific ownership taxation shall apply to the taxable value in the first year of service, and annual downward graduations from such maximum rate shall apply to such taxable value for the number of later years of service specified for each class of personal property.

(b) THE TAXABLE VALUE OF CLASS G PERSONAL PROPERTY SHALL BE DETERMINED AS PROVIDED IN SECTION 13-3-5 (17).

SECTION 4. 13-3-5 (16) and (17), Colorado Revised Statutes 1963 (1969 Supp.), are REPEALED AND REENACTED, WITH AMENDMENTS,

Exclusion of Class G from basis for determining taxable value of personal property

Excludes Class G personal property from statute which provides that the value of personal property shall be determined by the year of manufacture and taxed on annual downward graduations based on the taxable value in the first year of service.

Provides that Class G personal property taxable value to be determined in section 13-3-5 (17).

TEXT

EXPLANATION

to read:

13-3-5. Taxable value of classes of property - rate - when and where payable - disposition - department's duties. (16) (a)

The gross taxable value of every item of Class E personal property shall be the factory list price thereof, but if the factory list price of such item is not available, then the gross taxable value of such item shall be an amount equal to seventy-five percent of its retail delivered price, exclusive of any state and local sales taxes; in either case, the gross taxable value shall be reduced by twenty percent, such percentage being hereby declared to represent the value of the household furnishings contained in such item and which value is hereby expressly exempted from specific ownership taxation, and the remaining eighty percent of the gross taxable value shall be the net taxable value of such item upon which the annual specific ownership tax shall be computed.

(b) The annual specific ownership tax payable on every item of Class E personal property shall be computed in accordance with the following schedule:

Class E -- taxable value

Basis for determining gross taxable value of Class E personal property (trailer coaches) unchanged from current statutes.

Class E -- rate of taxation

Rate of taxation for Class E personal property (trailer coaches) unchanged from current statutes.

TEXT

EXPLANATION

<u>Year of service</u>	<u>Rate of tax</u>
First year	2.30% of taxable value
Second year	2.00% of taxable value
Third year	1.90% of taxable value
Fourth year	1.70% of taxable value
Fifth year	1.50% of taxable value
Sixth year	1.25% of taxable value
Seventh year	1.10% of taxable value
Eighth year	1.00% of taxable value
Ninth year	.90% of taxable value
Tenth and later years	.85% of taxable value
Minimum annual tax	\$25.00

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(17) (a) The gross property value of each item of Class G personal property, compilations of which shall be furnished by the department to each authorized agent, shall be the factory list price thereof, but if the factory list price of such item is unavailable, then the gross property value shall be an amount equal to seventy-five percent of its retail delivered price, exclusive of any state and local sales taxes; in either case, the

Class G -- taxable value

New subsection provides basis for determining gross property value of Class G personal property. Such value, to be ascertained by Department of Revenue, to be determined on same basis as current statutory provision, i.e., factory list price or 75 percent of retail delivered price, exclusive of state and local sales taxes, with 20 percent reduction for household furnishings. Provides that the resulting figure shall be the net property value and that such value shall be subject to

EXPLANATION

the applicable depreciation factor (paragraph (b)) based on the age of the mobile home for purposes of computing valuation for assessment.

TEXT

gross property value shall be reduced by twenty percent, such percentage being hereby declared to represent the value of the household furnishings contained in such item and which value is hereby expressly exempted from specific ownership taxation. The resulting figure shall be the net property value of the item, and shall be subject to any applicable depreciation factor based upon the age of the item in accordance with paragraph (b) of this subsection (17), in the computation of the valuation for assessment.

Class G -- depreciation factor

Requires (1) that the Department of Revenue annually provide each authorized agent with a depreciation schedule for all mobile homes and (2) that the depreciation factor be applied to the net property value (defined in (17) (a)) resulting in depreciated property value, resulting in the valuation for assessment.

(b) The department shall, by October 1 of each year, provide each authorized agent with a schedule of depreciation factors for all class G personal property, such schedule to be so computed by the department as to accurately reflect the reduction in value of each such item due to age. The applicable depreciation factor shall be applied to the net property value of each item of Class G personal property, and the resulting figure shall be the depreciated property value, upon which figure the valuation for assessment of each item of Class G personal property shall be based.

TEXT

(c) The valuation for assessment of each item of Class G personal property shall be thirty percent of the depreciated property value of such item, and the specific ownership tax levied against each such item shall be based upon the valuation for assessment of such item.

(d) At such time as the board of county commissioners or such other body as is authorized by law to levy taxes has made its levy against the valuation for assessment of ad valorem taxes as provided in section 137-1-11, C.R.S. 1963, said board shall certify such levy to the authorized agent of the department of revenue for the collection of specific ownership taxes on Class G personal property, which levy shall be applied by said authorized agent to the valuation for assessment of each item of Class G personal property upon which specific ownership taxes are due as of the following January 1, or within the prescribed time thereafter in the case of Class G property acquired during the calendar year.

EXPLANATION

Class G -- valuation for assessment

Establishes valuation for assessment as 30 percent of depreciated property value; specific ownership tax to be levied upon that value.

Class G -- specific ownership taxes based on local levy

Requires county commissioners to certify ad valorem levy to the county clerk, who shall apply the levy to the valuation for assessment, thus determining amount of specific ownership tax due on a mobile home. Such specific ownership taxes shall be due as of the following January 1 or within the prescribed time in the case of a mobile home acquired during the calendar year.

TEXT

(e) In any case in which limitations are imposed by statute upon the amount of bonded indebtedness which can be incurred by any political subdivision of the state, based upon a percentage of the valuation for assessment of the taxable property within such political subdivision, there shall be added to the total valuation for assessment the taxable value of all items of Class G personal property as computed pursuant to this article and such limitation shall be increased accordingly.

SECTION 5. 13-3-5 (21) and (26) (b), Colorado Revised Statutes 1963 (1969 Supp.), are amended to read:

13-3-5. Taxable value of classes of property - rate - when and where payable - disposition - department's duties. (21)
The annual specific ownership tax on each item of Class B, Class C, Class D, Class E, and Class F, AND CLASS G personal property shall become due and payable on the first day of January of each year to the authorized agent in the county wherein such item is to be registered, and shall be paid at the time of registration of such item, and if not paid by the last day of February of each year shall become delinquent.

EXPLANATION

Class G -- valuation included for bonded indebtedness

Adds mobile home assessment valuation to total valuation in cases where bonded indebtedness is limited to a percentage of assessed value of taxable property. Provision applies to any political subdivision so limited.

Class G -- when taxes due and payable

Adds new Class G to current provision in which specific ownership taxes are due January 1 and delinquent if not paid by the last day in February. Thus mobile home owner's taxes would continue to be due and payable during same time period as registration fees (as required by the Constitution), in contrast to ad valorem taxes based on the previous year.

TEXT

(26) (b) On the tenth day of each month, beginning with the month of February, 1970, the aggregate amount of specific ownership taxes on Class B, C, and D vehicles received or collected by the county treasurer during the preceding calendar month shall be apportioned between the county itself and each political and governmental subdivision located within the boundaries of the county, according to the percentages calculated in the manner prescribed in paragraph (a) of this subsection, and the amount so apportioned shall be credited or paid over to the county and each such subdivision. On the tenth day of each month, beginning with February, 1970, the aggregate amount of specific ownership taxes on Class E AND CLASS G vehicles received or collected by the county treasurer during the preceding calendar month shall be apportioned between the county itself and each political subdivision and governmental subdivision located within the boundaries of the county according to the address or location of such property as shown on the registration of each item of such Class E AND CLASS G vehicles. Specific ownership taxes on Class F vehicles shall be apportioned semiannually

XXXX

EXPLANATION

Class G -- apportionment of specific ownership tax revenues

New Class G specific ownership tax revenues to be apportioned in same manner as Class E.

TEXT

between the county itself and each political and governmental subdivision located within the boundaries of the county, according to the percentages calculated as prescribed in paragraph (a) of this subsection and paragraph (a) of subsection (27) of this section, upon receipt from the state treasurer of the county's distributive share of all specific ownership taxes on Class F vehicles in the state according to the formula set forth in subsection (27) of this section. The treasurer shall also compute the allocation of the amounts so credited or paid over between the various funds of the county and of each such subdivision in the proportion that the levy for each fund bears to the total levy for all funds of the county and of each such subdivision.

SECTION 6. 13-3-5 (25), Colorado Revised Statutes 1963 (1971 Supp.), is amended to read:

13-3-5. Taxable value of classes of property - rate - when and where payable - disposition - department's duties. (25)

No later than the twentieth day of March of each year, each

EXPLANATION

Class G -- delinquent taxes

Adds new Class G to provisions regarding collection of delinquent specific ownership taxes.

TEXT

EXPLANATION

authorized agent shall advise the owner of any item of Class E, and Class F, AND CLASS G personal property respectively upon which the annual specific ownership tax is delinquent, by notice mailed to such owner indicating the amount of delinquent tax and demand payment of the same within twenty days from the date of such notice. If payment is not made within such twenty-day period, the authorized agent shall report such fact to the county treasurer, who shall thereupon proceed to collect the amount of delinquent tax by distraint, seizure, and sale of the item upon which the tax is payable, in the same manner as is provided in section 137-10-13, C.R.S. 1963, for the collection of ad valorem taxes on personal property.

SECTION 7. 123-38-6, Colorado Revised Statutes 1963 (1969 Supp.), is amended BY THE ADDITION OF A NEW SUBSECTION to read:

123-38-6. School district foundation levy. (3) As a part of the school district foundation levy necessary to qualify a school district under this section, a levy equal to that provided for in subsection (1) of this section shall also apply to the valuation for assessment of all Class G personal property subject

Public School Foundation Act of 1969 --
school district foundation levy

Provides that 17 mill buy-in mill levy required for participation in the Foundation Act shall apply to Class G mobile homes in the same manner as real property.

TEXT

to specific ownership taxation pursuant to section 13-3-5 (17), C.R.S. 1963.

SECTION 8. 123-38-9 (2) (b) (iii), Colorado Revised Statutes 1963 (1969 Supp.), is amended to read:

123-38-9. State equalization program. (2) (b) (iii) The total of amounts received for deposit in the general fund of the district, during the next preceding fiscal year of the state, from federal mineral leases, federal forest lands, federal lands materials, federal lands marginal, federal flood control, specific ownership taxes INCLUDING, TO THE EXTENT SPECIFIED IN SECTION 123-38-6 (3), THOSE IMPOSED ON CLASS G PERSONAL PROPERTY AS DEFINED IN SECTION 13-3-5 (17), C.R.S. 1963, and, if and when such is permitted by federal law without penalty, seventy-five percent of the revenues received by the district through provisions of Title I of Public Law 81-874.

TAXX

EXPLANATION

Public School Foundation Act of 1969 -- removal of mobile home taxation deduction

Removes current deduction of all mobile home taxes from computation of the school district's share of state equalization support and places such taxes on same basis as those on real property.

TEXT

EXPLANATION

BILL B

A BILL FOR AN ACT

PROVIDING AN EXEMPTION FROM SALES AND USE TAXES FOR MOBILE HOMES
UPON WHICH SUCH TAXES HAVE BEEN PAID IN A PRIOR SALE
TRANSACTION IN THIS STATE.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 138-5-14, Colorado Revised Statutes 1963, as
amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

138-5-14. Exemptions - disputes. (10) Any subsequent sale
of a mobile home, as such vehicle is defined in section 13-1-1
(10) (b), C.R.S. 1963, after such mobile home has been once
subject to the payment of sales tax by virtue of section
138-5-13, shall be exempt from taxation under sections 138-5-1 to
138-5-32.

SECTION 2. 138-5-34, Colorado Revised Statutes 1963, as
amended, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

138-5-34. Exemptions. (16) To the storage, use, or
consumption of a mobile home, as such vehicle is defined in

Second and subsequent sales tax exemption

Provides that after a mobile home has been
subjected to payment of sales tax by virtue
of section 138-5-13 or use tax under 138-5-
40, the mobile home is exempt on any subse-
quent sale from the sales and use tax. Home
rule cities' sales tax would not be incor-
porated in this provision.

TEXT

EXPLANATION

section 13-1-1 (10) (b), C.R.S. 1963, after such mobile home has been once subject to the payment of use tax by virtue of section 138-5-40.

SECTION 3. 138-10-5 (5), Colorado Revised Statutes 1963, as amended, is amended to read:

138-10-5. Contents of sales tax ordinances and proposals.

(5) The tangible personal property and services taxable pursuant to this article shall be the same as the tangible personal property and services taxable pursuant to section 138-5-4, as amended AND SUBJECT TO THE SAME EXEMPTIONS AS THOSE SPECIFIED IN SECTION 138-5-14.

TEXT

EXPLANATION

BILL C

A BILL FOR AN ACT

CONCERNING CERTIFICATES OF TITLE ISSUED FOR MOBILE HOMES.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 13-6-2 (2), Colorado Revised Statutes 1963, as amended by section 40 of chapter 100, Session Laws of Colorado 1972, is amended to read:

13-6-2. Definitions. (2) "Motor vehicle" means all vehicles propelled by power other than muscular power; trailers, semitrailers, and trailer coaches, AND MOBILE HOMES WITHOUT MOTIVE POWER except: Vehicles which operate only upon rails or tracks laid in place on the ground or that travel through the air or that derive their motive power from overhead electric lines; farm tractors, farm trailers, and other machines and tools used in the production, harvesting, and care of farm products; and mobile machinery, self-propelled construction equipment, or industrial machinery not designed primarily for highway transportation.

Certificate of title

Adds mobile home to definition of motor vehicles required to be titled, thereby clarifying existing practice.

TEXT

SECTION 2. 13-6-26, Colorado Revised Statutes 1963, is amended to read:

13-6-26. Duration of lien of mortgage - extensions. (1)

The lien of any mortgage filed for record and noted on the certificate of title to a motor vehicle in the manner prescribed in section 13-6-20 shall remain valid and enforceable and a lien on the vehicle covered thereby for a period of three years from and after the filing thereof in the office of the authorized agent or until the discharge of the undertaking secured thereby, if that shall sooner occur, and not thereafter EXCEPT IN THE CASE OF MOBILE HOMES WHICH ARE SUBJECT TO THE PROVISIONS OF SUBSECTION (3) OF THIS SECTION. During the three-year period or any extension thereof the lien of the mortgage may be extended for successive two-year periods upon the holder thereof presenting the certificate of title, on which the existence of the mortgage shall have been noted, to the authorized agent of the county wherein said mortgage is filed, together with a written request for an extension of said mortgage subscribed by the holder thereof and acknowledged by him before an officer authorized to

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EXPLANATION

Lien of mortgage

Removes mobile homes from provision for two year extensions of liens.

TEXT

EXPLANATION

acknowledge deeds to real property, in which shall appear a description of the undertaking secured, to what extent it shall have been discharged, or shall remain unperformed, and such other and further information respecting the same as may be required by appropriate rule or regulation of the director to enable him to properly record such extension upon his records.

(2) Upon receipt thereof the authorized agent shall note on the face of the mortgage on file in his office the fact of the extension thereof, which notation he shall subscribe and thereto affix the seal of his office and shall make and complete such record of such extension as the director by rule or regulation may require and shall thereafter forward said certificate of title, together with the written request for extension of mortgage received by him, to the director. Upon receipt thereof the director shall note the fact of the extension of the mortgage on his records and on the certificate of title to which he shall affix his hand and the seal of his office. Thereafter the certificate of title shall be returned to the person shown

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TEXT

EXPLANATION

thereon to be entitled thereto the same as in other cases. If any mortgage OTHER THAN ONE ON A MOBILE HOME, which shall have HAS been filed for record and noted on the certificate of title shall HAS not have been released or extended with three years of the date on which such mortgage was filed in the office of the authorized agent, the person shown by the records in the director's office to be the owner of the motor vehicle described in said certificate of title upon making an appropriate application therefor, may have a duplicate certificate of title issued to him, the same and with like effect as in the case of the issuance of a duplicate certificate of title upon the loss or destruction of the original, and upon the issuance of such duplicate certificate of title the director shall omit therefrom all reference to mortgages shown by his records to have been of record in the office of the authorized agent for more than three years which mortgages have neither released nor extended as provided in this section.

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TEXT

EXPLANATION

(3) THE DURATION OF THE LIEN OF ANY MORTGAGE ON A MOBILE HOME, WHICH FOR THE PURPOSES OF THIS SECTION MEANS A WHEELED VEHICLE EXCEEDING EITHER EIGHT FEET IN WIDTH OR THIRTY-TWO FEET IN LENGTH EXCLUDING TOWING GEAR AND BUMPERS, WITHOUT MOTIVE POWER, DESIGNED AND COMMONLY USED FOR OCCUPANCY BY PERSONS FOR RESIDENTIAL PURPOSES, IN EITHER TEMPORARY OR PERMANENT LOCATIONS, AND WHICH MAY OCCASIONALLY BE DRAWN OVER THE PUBLIC HIGHWAYS BY A MOTOR VEHICLE, SHALL BE FOR THE FULL TERM OF THE MORTGAGE AND IS NOT SUBJECT TO THE EXTENSION REQUIREMENTS OF THIS SECTION.

Liens on mobile home mortgages

Provides that a lien shown on a mobile home title shall be valid for the entire term of the chattel mortgage without the necessity of renewals by the chattel mortgage holder.

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TEXT

EXPLANATION

BILL D

A BILL FOR AN ACT

CONCERNING THE REQUIREMENTS FOR ISSUANCE OF SPECIAL PERMITS FOR
THE MOVEMENT OF MOBILE HOMES ON HIGHWAYS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. 13-5-127 (1) and (2), Colorado Revised Statutes
1963, are amended to read:

13-5-127. Permits for excess size and weight. (1) The
state highway department or Colorado state patrol with respect to
highways under their jurisdiction and local authorities with
respect to highways under their jurisdiction may, in their
discretion, upon application in writing and good cause being
shown therefor, issue a special permit in writing authorizing the
applicant to operate or move a vehicle or combination of vehicles
of a size or weight of vehicle or load exceeding the maximum
specified in this article or otherwise not in conformity with the
provisions of this article upon any highway under the
jurisdiction of the party granting such permit and for the

Permits for moving mobile homes -- state au-
thority

Provides that if a permit to move a mobile
home over state and federal highways has been
issued by the State Highway Department, the
mover need not obtain a permit from local gov-
ernments to travel over local highways.

TEXT

EXPLANATION

maintenance of which said party is responsible. WHEN A PERMIT HAS BEEN ISSUED UNDER PARAGRAPH (b) OF SUBSECTION (2) OF THIS SECTION BY THE STATE HIGHWAY DEPARTMENT OR STATE PATROL FOR THE MOVEMENT OF A MOBILE HOME, NO PERMIT FROM A LOCAL AUTHORITY IS NECESSARY FOR SUCH MOVEMENT ON HIGHWAYS UNDER LOCAL JURISDICTION.

(2) (a) The application for any such permit shall specifically describe the vehicle or vehicles and load to be operated or moved and the particular highways for which permit to operate is requested, and whether such permit is for a single trip or for continuous operation and the time of such movement.

(b) (i) FOR APPLICATIONS FOR PERMITS TO MOVE MOBILE HOMES AS DEFINED IN SECTION 13-3-1 (10), THE FOLLOWING SPECIAL PROVISIONS ARE APPLICABLE IN ADDITION TO THE REQUIREMENTS OF PARAGRAPH (a) OF THIS SUBSECTION (2):

(ii) EACH SUCH APPLICATION SHALL BE FOR SINGLE TRIPS ONLY AND SHALL BE ACCOMPANIED BY SATISFACTORY EVIDENCE THAT ALL CURRENT REGISTRATION AND SPECIFIC OWNERSHIP TAXES APPLICABLE TO SUCH MOBILE HOME HAVE BEEN PAID; AND NO PERMIT MAY BE ISSUED FOR

Special requirements for permits to move mobile homes over highways

The following three special requirements are applicable only to movement of mobile homes:

Requirement of proof of payment of applicable specific ownership tax.

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TEXT

SUCH MOVEMENT WITHOUT SUCH EVIDENCE;

(iii) PERMITS ISSUED FOR THE MOVEMENT OF MOBILE HOMES SHALL INCLUDE THE SPECIFIC LOCATION FROM WHICH SUCH MOBILE HOME IS BEING MOVED AND THE SPECIFIC LOCATION, IF WITHIN THE STATE, TO WHICH SUCH MOBILE HOME IS TO BE MOVED;

(iv) COPIES OF ALL SUCH PERMITS SHALL BE TRANSMITTED PROMPTLY BY THE ISSUING AGENCY TO THE AUTHORIZED AGENT OF THE DEPARTMENT OF REVENUE IN BOTH THE COUNTY FROM WHICH THE MOVE IS BEING MADE AND, IF WITHIN THE STATE, THE COUNTY OF DESTINATION, AND A COPY SHALL ALSO BE TRANSMITTED TO THE DEPARTMENT OF REVENUE.

FFAXXX

EXPLANATION

Information concerning the specific location from which mobile home is being moved and to which it is destined.

Copies of permit to be transmitted by issuing agency to: (1) county clerk in county from which mobile home is being moved; (2) county clerk in the county to which the mobile home is destined; and (3) the Department of Revenue.

MOBILE HOME TAXATION FORMULA

The problem of developing a consistent and equitable method of taxing mobile home owners has confronted the General Assembly on numerous occasions. Much of the problem has been due to the rapidly changing use of the mobile home and to the attempt to develop legislation which would be adaptable to this change. Below is a brief review of the historical development of the use of mobile homes, the taxation formulae which have been devised, and the problems with these formulae.

Development of the Use of Mobile Homes

Until recent years mobile homes were primarily "trailer houses" which were towed behind automobiles and served as temporary or occasional residences for vacationers and others. Although trailer parks have been in existence for some time, they served primarily to facilitate travelers and temporary residents.

Beginning in the late 1950's and developing extensively in the mid 1960's with the expansion in width of these structures, a new concept in living developed. The traditional trailer house remains popular and is often called a "trailer coach". Its function remains much the same as in earlier years -- a temporary or pleasure residence. Mobile homes, on the other hand, have become far more useful as homes than for mobility. Although occasionally moved, they are considered as permanent residences for many families.

The extensive use of mobile homes appears to be based on at least three factors. First, they provide a source of housing in an area such as metropolitan Denver where conventional housing has not met the needs of a rapidly expanding population. Second, they provide a source of housing within the financial capability of many people who prefer to own rather than rent housing. Third, most mobile homes can be moved from one location to another, thus offering a degree of mobility to the owner.

The popularity of mobile homes in Colorado is evidenced by the rapid increase in the number of such dwellings. A 1963 Legislative Council report noted that in Adams County, for example, the number of mobile homes increases from 1,022 in 1959 to 2,690 in 1962.^{1/} By the end of 1972, Adams County

^{1/} Property Taxation: Freeport, Mobile Homes and Equipment, and Exemptions, Colorado Legislative Council research publication No. 84, December, 1963, page 28.

will have more than 11,000 mobile home spaces with a very low vacancy rate. In that county, mobile homes represent 15.6 percent of total housing, as contrasted to 6.4 percent in 1970.^{2/} Although Adams County contains the largest concentration of mobile homes in the state, rapid growth is evidenced in El Paso, Larimer, Mesa, and Weld Counties and in the mountain resort areas of the state. Appendix B provides data on the number of mobile homes in each county and specific ownership tax revenue.

Development of Mobile Home Taxation

The development of legislation providing a taxation formula for mobile homes has tended to parallel the development of the use of the mobile home. In 1936, the Colorado Constitution was amended to require that motor vehicles, trailers, and semi-trailers be taxed as specific ownership and thus excluded from ad valorem taxes. This amendment was in response to widespread avoidance of property taxation and was intended to simplify taxation procedures.^{3/} Mobile homes were considered, for taxation purposes, as trailers and taxed under this constitutional provision. An evaluation of the amendment by the Legislative Council's Committee on Property Taxation in 1963 stated:

Although the specific ownership tax has expedited collection of revenues from motor vehicle owners, it has not been as successful in regard to the taxation of mobile homes. For example, motor vehicles are in continuous use on the state highways, necessitating compliance with registration requirements, while a mobile home may remain in one location for an extended period of time, encouraging the owner to avoid registering the vehicle. If the vehicle is not registered, the specific ownership tax is not levied. In such situations, the county clerk may have to contact the individual mobile home owner if collection of the specific ownership tax is to be made.^{4/}

^{2/} Data provided by Adams County Department of Planning and Development, Memorandum dated July 28, 1972.

^{3/} See Legislative Council research publication op cit., pages 26 and 27.

^{4/} Ibid., page 26.

The Council report also observed that a mobile home owner who signed a statement that his dwelling was not to be used on the highway could request exemption from the specific ownership tax and be taxed ad valorem.^{5/}

In an attempt to resolve the problems related to specific ownership taxation, the Constitution was again amended in 1966. In this amendment, trailer coaches, mobile homes, and mobile and self-propelled construction equipment were added to the other categories of vehicles subject to the specific ownership tax. In addition, the General Assembly was given constitutional authorization for "prescribing methods of determining the taxable value of such property...."

Because of its continuing importance with regard to any taxation formula relating to the taxation of mobile homes, the amendment is printed in full below.

"Article X, Section 6. Self-propelled equipment, motor vehicles, and certain other moveable equipment. -- The general assembly shall enact laws classifying motor vehicles and also wheeled trailers, semi-trailers, trailer coaches, and mobile homes, and mobile and self-propelled construction equipment, prescribing methods of determining the taxable value of such property, and requiring payment of a graduated annual specific ownership tax thereon, which tax shall be in lieu of all ad valorem taxes upon such property; provided, that such laws shall not exempt from ad valorem taxation any such property in process of manufacture or held in storage, or which constitutes the inventory of manufacturers or distributors thereof or dealers therein.

Such graduated annual specific ownership tax shall be in addition to any state registration or license fees imposed on such property, shall be payable to a designated county officer at the same time as any such registration or license fees are payable, and shall be apportioned, distributed, and paid over to the political subdivisions of the state in such manner as may be prescribed by law.

All laws exempting from taxation property other than that specified in this article shall be void."

Although the amendment was intended to clarify the status of mobile home taxation, many of the problems which existed prior to its adoption were not resolved. The growing

^{5/} Ibid., page 34.

popularity of large mobile homes has led to the extensive production of double wide units which are even less mobile than standard width mobile homes and rarely moved after first sale. Further, the development of condominium mobile home parks (those in which the owner of the mobile home purchases the property under which his unit is sited and shares laundry and recreational facilities) has led to a greater number of mobile homes being taxed on an ad valorem basis.

In 1971, the General Assembly adopted legislation defining a mobile home as "a single self-contained unit...." (H.B. 1471). This attempt to exclude double wide mobile homes from the specific ownership tax was repealed by the 1972 General Assembly (H.B. 1050). In addition, the 1972 General Assembly adopted Senate Joint Resolution No. 7, directing the Legislative Council to create this Committee to study mobile home taxation and submit recommendations to the 1973 General Assembly.

The Mobile Home Taxation Problem

In essence, there is not a single mobile home taxation problem, but a series of related problems. Although these problems all involve the taxation formulae which have been devised for specific ownership and ad valorem taxation, they can be considered separately.

(1) Responsibility for tax collection. With some mobile homes taxed ad valorem (the county assessor's responsibility) and others specific ownership (the county clerk's responsibility), there is a division of mobile home tax collection authority. As a result of this divided authority, it is possible for some mobile home owners to avoid paying taxes. As an example, the assessor may assume a dwelling is the responsibility of the clerk and the clerk assume otherwise, with the result of no taxes being collected. The divided authority is confusing, as well, for the mobile home owner who may be taxed ad valorem one year and specific ownership the next.

Testimony presented to the Committee by the County Assessor's Association indicated that most assessors prefer the responsibility for all mobile home taxation be delegated to the county clerks. They contend that the clerk's office is the proper one for this function because of the clerk's immediate access to pertinent data relative to establishing the value of a mobile home, through the titling-registration process.

The county clerks expressed concern to this Committee that the responsibility for all mobile home tax collection

will be beyond the financial means of their offices. With adequate staffing, the clerks have indicated a willingness to assume the entire mobile home taxation responsibility provided in Bill A.

(2) Equity of taxation. Through innuendo, it has been implied that mobile owners do not pay their "fair share" of taxes under the statutory depreciation schedule of specific ownership taxes. Testimony presented to the Committee by mobile home owners has indicated that they frequently hear this charge and feel unwanted by the larger community. While no attempt is made here to define the term "fair share", the following charts provide an example of taxes paid by conventional home residents and those by mobile home owners in Brighton.

Table I indicates the specific ownership and registration fee tax burden on a \$17,000 retail delivered price mobile home over a 15 year period. The specific ownership tax is determined as 75 percent of the retail delivered price, less a 20 percent deduction for household furnishings. In the example, the resulting net taxable value is \$10,200.

Table I
Taxation of \$17,000 Retail Delivered
Price Mobile Home

<u>Year</u>	<u>Specific Ownership Tax</u>		<u>Registration Fee</u>	<u>Total</u>	<u>Cumulative Total</u>
	<u>Rate</u>	<u>Amount</u>			
1	2.30	\$234.60	\$4.50	\$ 239.10	\$ 239.10
2	2.00	204.00	4.50	208.50	447.60
3	1.90	193.80	4.50	198.30	645.90
4	1.70	173.40	4.50	177.90	823.80
5	1.50	153.00	4.50	157.50	981.30
6	1.25	127.50	4.50	132.00	1,113.30
7	1.10	112.20	4.50	116.70	1,230.00
8	1.00	102.00	4.50	106.50	1,336.50
9	.90	91.80	4.50	96.30	1,432.80
10	.85	86.70	4.50	91.20	1,524.00
11	.85	86.70	4.50	91.20	1,615.20
12	.85	86.70	4.50	91.20	1,706.40
13	.85	86.70	4.50	91.20	1,797.60
14	.85	86.70	4.50	91.20	1,888.80
15	.85	86.70	4.50	91.20	1,980.00
				<u>\$1,980.00</u>	

Table II provides an example, for comparative purposes, of taxation on a \$17,000 conventional home (not the property on which it is sited) in Brighton. Two assumptions are included in the example: first, that the value of the home remains constant throughout the 15 years; and, second, that the 104.23 mill levy as of January 1, 1972, also remains constant. As it is likely that the value of the home and the mill levy would increase over the 15 year period, the ad valorem tax total probably represents a minimum.

Table II

Taxation of \$17,000 Conventional Home,
Less the Property on Which it
is Sited, in Brighton

<u>Year</u>	<u>Mill Levy of 104.23</u>	<u>Cumulative Total</u>
1	\$ 531.57	\$ 531.57
2	531.57	1,063.14
3	531.57	1,594.71
4	531.57	2,126.28
5	531.57	2,657.85
6	531.57	3,189.42
7	531.57	3,720.99
8	531.57	4,252.56
9	531.57	4,784.13
10	531.57	5,315.70
11	531.57	5,847.27
12	531.57	6,378.84
13	531.57	6,910.41
14	531.57	7,441.98
15	531.57	7,973.55
	<u>\$7,973.55</u>	

In the examples of a \$17,000 retail delivered price mobile home (Table I) and a \$17,000 conventional home improvement on real property (Table II), the total tax is more than four times as great on the conventional home over a 15 year period -- \$7,973.55 to \$1,980.00. However, an important factor with regard to these comparative data should be considered. The value of the conventional home will likely have appreciated at the end of this period while that of the mobile home will have depreciated. The worth of the conventional home after 15 years, as compared to the mobile home, will most likely be far greater than the difference in taxes paid over that period.

(3) Inflexibility of a statutory taxation rate.

Mobile homes under specific ownership are taxed on the basis of a rate applied to the net taxable value of the dwelling. The net taxable value is determined at the time of purchase and remains constant. The rate is graduated down over a 10-year period after which it remains constant, except for a \$25 minimum tax.

Section 13-3-5 (17) provides:

The annual specific ownership tax payable on every item of Class E personal property shall be computed in accordance with the following schedule:

Year of service	Rate of tax
First year	2.30% of taxable value
Second year	2.00% of taxable value
Third year	1.90% of taxable value
Fourth year	1.70% of taxable value
Fifth year	1.50% of taxable value
Sixth year	1.25% of taxable value
Seventh year	1.10% of taxable value
Eighth year	1.00% of taxable value
Ninth year	.90% of taxable value
Tenth and later years	.85% of taxable value
Minimum annual tax	\$25.00

There are two major problems with the rate approach. First, the same graduated rate is applied to the original net taxable value of all mobile homes subject to specific ownership tax. Some mobile homes almost certainly depreciate more rapidly than others, a factor which cannot be compensated in such a rate schedule. Second, such an inflexible statutory rate schedule requires the periodic enactment of amendments to reflect changing patterns in depreciation. The current schedule does not reflect the longer life and use period of some mobile homes. California, for example, depreciates mobile homes for taxation purposes over a period of 18 years as contrasted to Colorado's 10 years. Further, the current rate schedule may not accurately reflect depreciation for any mobile home.

(4) Deduction of Mobile Home Tax Revenues from the Public School Foundation Act. All specific ownership taxes received by local school districts are currently deducted from the amount of aid granted to the district by the state under the Public School Foundation Act of 1969 (C.R.S. 123-38-9 (2) (iii)). The effect of this provision is that school districts

with large numbers of mobile homes are penalized. They receive their share of taxes from mobile home owners, but this amount is deducted from the state's contribution to the local school district.

Testimony to the Committee by mobile home residents has indicated that this deduction of mobile home taxes leads to resentment on the part of conventional home owners. Evidence has been presented that the state law has hindered the development of mobile home parks in some counties.

It is the opinion of the Committee that the deduction of specific ownership taxes can be justified for motor vehicles and some types of Class E personal property such as mobile and self-propelled construction equipment. Mobile home taxes, however, should be treated, for school finance purposes, similar to the taxes on conventional homes.

(5) Mobile home valuation for assessment and bounded indebtedness capacity. Local governments, including school districts, are currently limited in their bonded indebtedness capacity to the valuation for assessment of real property. This provision places an unrealistic limitation on those areas with large numbers of mobile homes. It is the opinion of the Committee that the valuation for assessment of mobile homes should be included in the bonded indebtedness capacity of all local governments, including school districts.

BASIS AND RATES OF MOBILE HOME TAXATION IN SELECTED STATES

Mobile homes are subject to a variety of taxation methods throughout the country. This is primarily because the nature of mobile home living has changed from an emphasis on transiency or mobility to a relatively permanent status. Traditionally, mobile homes have tended to be classed with automobiles, trailers, and campers.

With the change in status of mobile home living, legislatures in several states have shifted the basis of taxation from registration fees, license fees, and personal property to ad valorem property taxation. These changes have in some states, as is the case in Colorado, been complicated because of state constitutional provisions establishing a particular type of taxation for mobile homes.

The following summary of mobile home taxation laws in several states provides examples of various approaches to this problem.

Arizona -- Ad Valorem Tax and Registration Fee

With the passage of a constitutional amendment in 1968, mobile homes in Arizona became subject to ad valorem property taxes, rather than a license tax. Mobile home owners pay ad valorem taxes to the county treasurer based on assessments of 25 percent of full cash value (commercial or rental units) or 18 percent of full cash value (owner-occupied units). Value of mobile homes is based on the manufacturers list price with a depreciation of scale established by the State Department of Property Valuation. The Arizona legislature passed S.B. 1084 during the 1972 session to prevent persons from moving mobile homes in order to avoid payment of ad valorem taxes. This type of activity apparently has been the only enforcement problem that has needed statutory correction.

Mobile home owners also pay an annual registration fee to the State Motor Vehicle Division. This fee is \$6.25 for single width and \$12.50 for double width mobile homes.

California -- Vehicle License Fee and Registration Fee

Under California law, for the purposes of taxation, mobile homes and travel trailers are considered vehicles and are taxed under the Vehicle License Fee Law in lieu of local ad valorem taxation.

The vehicle license fee equals two percent of the depreciated market value of a mobile home or travel trailer based upon the original value as determined by the Department of Motor Vehicles and adjusted by a statutory depreciation schedule. The statutory depreciation schedules are different for mobile homes and travel trailers.

A vehicle registration fee with rates varying according to weight is also imposed.

Mobile home taxation was recently studied by the California Assembly Office of Research for the Assembly Committee on Revenue and Taxation. A recommendation of that study is that mobile homes should be assessed and taxed at the local level in the same manner as conventional homes.

Florida -- License Fee and Ad Valorem Tax

The prime method of taxation for mobile homes in Florida is the license fee on house trailers (not self-propelled) schedule listed below:

House Trailers (Not Self-Propelled)

	<u>Fee</u>
Not exceeding 35 feet.....	\$20.00
Over 35 feet, not over 40 feet.....	25.00
Over 40 feet, not over 45 feet.....	30.00
Over 45 feet, not over 50 feet.....	35.00
Over 50 feet, not over 55 feet.....	40.00
Over 55 feet, not over 60 feet.....	45.00
Over 60 feet, not over 65 feet.....	50.00
Over 65 feet in length.....	80.00

Trailer coaches used for housing accommodations, \$15 flat plus 25¢ for reflectorized plates (Sec. 320.08). House trailers, not self-propelled, are licensed under Sec. 320.081 in lieu of the fee provided in Sec. 320.08.

Mobile homes permanently affixed to realty are taxed as realty and are issued special registration plates for a one dollar fee. Florida also has a license fee for recreational vehicles. This new license fee, approved April 24, 1972, is imposed on recreational vehicles designed primarily as temporary living quarters for recreational, camping or travel use.

The fees are as follows: 1) travel trailers, \$20; 2) camping trailers, \$10; 3) motor homes, \$35; and 4) truck campers (slide-in type), \$10 or truck campers (chassis-mount type), \$35.

Minnesota -- Personal Property Tax and Registration Fee

Mobile homes in Minnesota are taxed as personal property and are exempt from the motor vehicle tax. All property in that state is assessed on the basis of market value. In the case of mobile homes, the assessment is at 40 percent of market value. The tax rate is based on the aggregate of all lawful levies.

An excise tax of four percent is also imposed on the purchase price of any motor vehicle purchased or acquired either within or without Minnesota, which is required to be registered in Minnesota.

The mobile home registration fee in Minnesota is \$3 annually.

Montana -- Ad Valorem Tax

The taxation of mobile homes in Montana was amended in 1967, to provide that mobile homes, without regard to ownership of land upon which they are situated, (except those held by a dealer or distributor as part of his stock in trade), are included in Class Four or Class Eight property. The statute provides:

Class Four: land, town and city lots and improvements, trailers affixed to land owned, leased or under contract of purchase by the trailer owner, manufacturing and mining machinery, mobile homes without regard to ownership of the land where situated, except dealers or distributors' inventories and except as provided in Class Eight; 30% of true and full value.

Class Eight: Improvements on real property, trailers affixed to land or mobile homes valued at not more than \$17,500 owned or under contract for deed and occupied by pensioners and certain widows; 15% of true and full value.

The assessor must assess all mobile homes arriving in his county after the first Monday in March, except for dealer or distributor stock. The assessment may be based on factory

list price less depreciation or on the same basis as any other residence.

Nebraska -- Personal Property Tax and Registration Fee

Legislation, adopted March 2, 1972, substantially altered Nebraska's mobile home taxation laws.

The law now provides that mobile homes are deemed personal property and are listed and taxed in the same manner as motor vehicles, cabin trailers and aircraft, i.e., in the county, township, city, village, etc., where the property is stored and kept for the greater portion of the year. Also, the definition of the term "motor vehicle", for purposes of the property tax on motor vehicles, was amended to include cabin trailers and mobile homes subject to payment of registration or permit fees or ad valorem taxes. One exception is the mobile home and one motor vehicle of a disabled or blind veteran.

Motor vehicles (including trailers, cabin trailers and mobile homes), except dealers' vehicles on hand, are taxed at a rate equal to the sum of the rates in all the taxing districts in which the vehicle is located, and the tax may be apportioned by months if the vehicle is newly registered in the state. Mobile homes are assessed where stored and kept the greater portion of the calendar year.

Nebraska also imposes a motor vehicle registration fee on trailers: 1) cabin trailers, 1,000 lbs. or less, \$1; 2) over 1,000 but less than 2,000 lbs., \$2; 3) 2,000 lbs. or over, \$10; and 4) cabin trailers -- non-highway use, \$2. For self-propelled mobile homes the fees are: 1) \$15 for those units with a gross weight of 8,000 lbs. or less; 2) \$25 for those units with a gross weight of more than 8,000 lbs. but less than 12,000 lbs.; and 3) \$40 for those units with a gross weight of 12,000 lbs. or more.

New Mexico -- Ad Valorem Tax and Registration Fee

Legislation adopted in February, 1972, provides that effective January 1, 1973, mobile homes are subject to New Mexico property taxes. Formerly, house trailers from which the wheels had been removed and which were placed on permanent foundations were subject to property assessment and taxation. "Mobile home" is defined as a house trailer, other than one held as inventory for sale or resale, exceeding either a width of eight feet or a length of forty feet when equipped for the road. Mobile homes brought into or kept in New Mexico for

more than 30 days are to be assessed by the county assessor for property taxes. Rules and regulations are to be promulgated by the Property Appraisal Department establishing a detailed method for the appraisal and valuation of mobile homes. Mobile homes are placed on the tax rolls of the county in which located and are taxed at the rates required by the levies made on property at the specific location of the mobile home. Proration is provided for mobile homes moved into the state or into a county or from one county to another during the tax year. The law also provides that for the first two years immediately following January 1, 1973, the following percentages of the value of a mobile home shall be used: for 1973, 50%; for 1974, 75%; thereafter, 100% of the value determined according to regulations of the Department.

This legislation also provides that the registration of a mobile home need not be renewed annually and the initial registration is effective and considered a current registration for purposes of the Motor Vehicle Code as long as the ownership of the mobile home is not transferred. A \$5 fee is provided for mobile home registrations. Upon registration of the mobile home the owner is notified that the home is subject to property taxes.

Oregon -- Ad Valorem Tax

Since September, 1967, there has been no motor vehicle registration fee for mobile homes in Oregon. Mobile homes are subject to the same taxation as all real and personal property not expressly exempt. The property tax rates are the aggregate of all lawful levies which are applicable at the situs of the property. Oregon law limits the state property tax to the amount necessary to pay bonded indebtedness or the interest thereon. This has the effect of preventing Oregon from levying property taxes for state purposes.

All taxable property in Oregon is required to be assessed at 100 percent of its true cash value.

Tennessee -- Personal Property Tax and Registration Fee

In 1971, mobile homes were defined as class 2 personal property in Tennessee. For the basis of valuation, all property of every kind is assessed at its actual cash value. The term "actual cash value", is defined to mean the amount of money the property would sell for, if sold at a fair, voluntary sale.

Tennessee is presently using the following registration fee schedule:

Mobile Homes or House Trailers

<u>Width</u>	<u>Length</u>	<u>Fee</u>
8 feet or less	35 feet or less	\$18
8 feet or less	50 feet or less	24
8 feet or less	over 50 feet	30
10 feet or less	35 feet or less	30
10 feet or less	50 feet or less	36
10 feet or less	over 50 feet	42
over 10 feet	any length	50

In addition, house and rental trailers, including vacation or travel trailer must pay a registration fee of \$8.50, (these are trailers less than eight feet wide and 20 feet long).

Washington -- Excise Tax, Ad Valorem Tax, and Registration Fee

Legislation, approved in February, 1972, by the Second Special Session of the Washington legislature provides that the excise tax on the fair market value of travel trailers and campers is reduced from two percent to one percent, effective May 23, 1972. The rate reduction applies to the excise tax levied both before and on and after January 1, 1973. Mobile homes were taxed at two percent until January, 1973, when they were taxed as realty if permanently affixed to land or as travel trailers if not so affixed.

The motor vehicle registration fee for mobile home identification tags will be \$9.40 annually in Washington beginning January 1, 1973.

LOCATING MOBILE HOMES

The movement of mobile homes into the state and from one site to another within the state has created a difficult problem for county clerks attempting to collect the specific ownership tax. In order for the county clerk to collect specific ownership taxes on a mobile home, he must be informed of its existence. Present procedures for locating mobile homes have proved to be inadequate. They are summarized below:

Reports by Park Managers

Park managers are required by Section 13-4-3, C.R.S., as amended, to notify the county clerk on or before the 15th of the month of any mobile home entering the park during the preceding month. This statute, designed to locate stolen automobiles, has not met with consistent compliance by park managers. Further, many mobile homes in rural areas of the state are not located in mobile home parks and, therefore, are not subject to the provisions of this statute. The Committee has found this to be an inadequate method of locating mobile homes.

County Clerk or Assessor Inspections

A second method of determining the location of mobile homes has been that of the county clerk or assessor inspecting various areas of the county to ascertain if mobile homes display licenses to indicate that the specific ownership taxes have been paid. This approach has proved to be expensive and, in many instances, ineffective because many county clerks and assessor's offices do not have sufficient personnel to perform a thorough search. In order for the clerk to determine whether a mobile home should be taxed under specific ownership, and under his jurisdiction, or ad valorem, and under the jurisdiction of the assessor, it would be necessary in some cases to remove the skirting to determine if the wheels and axles had been removed. Also some mobile homes, located in remote areas of the state, are very difficult for the clerk or assessor to find.

Oversize and Overweight Permits

A third approach toward aiding the county assessor and clerk in locating mobile homes is that of the permit required for moving an oversize or overweight load on road in the state. The regulation of movement of mobile and modular homes in Colorado is established by Sections 13-5-127 and 13-9-6,

C.R.S. 1963, as amended. Under Section 13-5-127, the State Highway Department, Colorado State Patrol with respect to highways under their jurisdiction, and local authorities with respect to highways under their jurisdiction may, in their discretion, issue a special permit in writing authorizing the movement of oversized or overweight vehicles, e.g., mobile homes. Under Section 13-19-6, port of entry weight stations of the Department of Revenue are authorized to issue oversized and overweight permits.

State Permit. By departmental administrative decision, the issuance of special transport permits (oversized and overweight permits) has been delegated to the Division of Highways of the State Department of Highways and no special transport permits are issued by the Colorado State Patrol. Although the Department of Revenue port of entry weigh stations have been authorized to issue oversized and overweight permits, the inspection stations have been directed to refer all applications for permits to the nearest district highway department office, where applicable. This is because the Department of Highways has superior information on road conditions and construction projects which must be considered in planning the route of travel for an oversized or overweight load. As a result, only two port of entry weigh stations in the state issue special transport permits and this service is for trailer coaches only, not mobile homes. Thus, all mobile home transport permits are issued by the Division of Highways. The special transport permit authorizes moves only on federal and Colorado state highways within the state. The permit, issued by means of Special Transport Permit form D.O.H. 59, is executed in triplicate, and is serially numbered. Copies of the permit are distributed to the following: 1) the applicant; 2) maintenance engineer; and 3) the issuer.

County Permit. Authorization for the issuance of oversized and overweight permits on county highways is derived from C.R.S. 13-5-127 (1). The following is an example of how this authority is executed in Adams County:

The county commissioners in Adams County have adopted a resolution to establish rules and regulations governing the moving of "oversized objects". This permit applies to county highways only. The permit is executed in quadruplicate and is distributed to the following: 1) county engineering department; 2) the applicant; 3) county district foreman; and 4) the county sign shop. The county does not enforce the permit requirement on the movement of mobile homes.

City Permit. Authorization for the issuance of oversized and overweight permits on city streets is derived from C.R.S. 13-5-127 (1). In the case of Westminster, the over-

sized and overweight permit is an adaptation of the Model Traffic Code. The permit applies to city streets only. This permit is submitted in triplicate, with one copy retained by the applicant, one by the Department of Public Works, and one by the Police Department. The city does not enforce this permit requirement on the movement of mobile homes.

Problems with the current permit approach. There is no statutory requirement for any permit issuing authority to notify state or local tax collecting authorities of the relocation of mobile homes.

The state special transport permit, which is the most widely enforced permit, is presently of little value to county clerks and assessors attempting to learn the location of mobile homes. Although the applicant for a special transport permit is required to furnish information on the points of origin and destination of the movement of a mobile home, the specific addresses of origin and destination are not required. This means that a move from Denver to Vail is simply noted as originating in Denver and terminating at Vail. According to the Division of Highways, once an oversized load leaves state or federal highways the State Highway Department is no longer concerned with the movement or final destination of the load, unless, of course, the planned route rejoins state or federal highways at a later point. Although a state special transport permit may indicate Weld County as the termination point of the permit, the mover could continue on county roads into another county. Therefore, with no requirement for specification of the exact destination of a mobile home, the county clerks and assessors still must locate the mobile home on their own.

Presently, the Division of Highways will not issue a special transport permit without the license number of the towed vehicle or trailer and the serial number if the unit is a house trailer. The Division of Highways uses the license number as proof that the specific ownership tax on a mobile home has been paid. This resolves the problem of collecting unpaid taxes prior to the movement of a mobile home, but does not affect the problem of a county clerk and assessor trying to locate mobile homes which have been moved to a new location.

Appendix A

MEMORANDUM

October 10, 1972

TO: Committee on Mobile Home Taxation
FROM: Department of Revenue
SUBJECT: Proposed bill for an act concerning Specific Ownership taxation of mobile homes.

ADDITIONAL DEPARTMENTAL COSTS

Personal Services

4 Junior Property Appraisers	\$31,680
2 Intermediate Clerk Typists	9,720
Total Salary	<u>\$41,400</u>
Retirement	3,519
Health Insurance	720
Total Personal Services	<u>\$45,639</u>

Operating

Auto Maintenance	\$ 3,110
Telephones	340
Office Supplies	450
Computer Cost (Approximately 5% present registration processing costs.)	25,000
Total Operating	<u>\$28,900</u>

Travel \$ 9,984

Capital Outlay

6 Desks @ \$207	\$ 1,242
6 Chairs @ \$70	420
2 Typewriters @ \$432	864
2 Typing Stands @ \$34	68
2 File Cabinets @ \$130	260
4 Cars @ \$2,700	10,800
Total Capital Outlay	<u>\$13,654</u>

Total Expense (Fiscal Year)	<u>\$98,177</u>
Succeeding Years - (Approximately)	<u>\$85,000</u>

Appendix B

COUNTIES RANKED BY AMOUNT OF
SPECIFIC OWNERSHIP TAX*

January 1, - May 31, 1972

<u>County</u>	<u>Rank</u>	<u>Specific Ownership Tax</u>	<u>Number of Mobile Homes Registered</u>
Adams	1	\$ 455,383.60	6,279
El Paso	2	196,201.52	3,865
Weld	3	196,060.57	3,341
Larimer	4	190,427.50	3,034
Boulder	5	128,891.83	2,111
Arapahoe	6	114,535.91	2,055
Mesa	7	112,828.79	2,228
Jefferson	8	99,722.02	2,467
Pueblo	9	72,707.01	1,288
Garfield	10	58,015.02	1,039
La Plata	11	44,017.75	876
Fremont	12	40,238.81	742
Montrose	13	39,219.28	763
Morgan	14	34,951.00	543
Eagle	15	30,757.51	558
Montezuma	16	30,557.63	578
Alamosa	17	26,798.74	442
Delta	18	24,615.85	424
Grand	19	24,522.40	554
Chaffee	20	24,325.25	421
Lake	21	23,642.97	454
Logan	22	23,531.50	422
Routt	23	22,703.74	374
Clear Creek	24	19,978.95	327
Denver	25	19,759.17	580
Prowers	26	18,505.85	350
Kit Carson	27	17,312.69	351
Las Animas	28	16,106.14	232
Otero	29	15,789.45	272
Teller	30	14,985.35	269
Gunnison	31	14,973.13	269
Moffat	32	14,669.97	268

Appendix B (continued)

<u>County</u>	<u>Rank</u>	<u>Specific Ownership Tax</u>	<u>Number of Mobile Homes Registered</u>
Pitkin	33	\$ 14,450.58	253
Lincoln	34	10,485.68	197
Elbert	35	9,441.05	161
Douglas	36	9,326.02	164
Yuma	37	8,418.76	142
Baca	38	8,252.55	163
Rio Grande	39	8,217.37	164
Park	40	8,001.96	173
Rio Blanca	41	7,897.85	127
Summitt	42	7,885.06	151
Phillips	43	7,218.73	126
Washington	44	6,306.18	117
Kiowa	45	5,520.45	98
Conejos	46	5,377.54	106
Archuleta	47	4,888.25	82
Ouray	48	4,624.10	73
Huerfano	49	4,190.58	84
Bent	50	3,987.53	84
San Miguel	51	3,661.04	92
Jackson	52	3,230.80	62
Mineral	53	3,107.09	83
Sagauche	54	2,981.01	54
Dolores	55	2,888.62	58
Sedgwick	56	2,800.46	50
Cheyenne	57	2,495.14	50
Custer	58	2,160.01	41
Costilla	59	1,885.79	41
Crowley	60	1,806.20	44
Gilpin	61	1,744.89	29
San Juan	62	1,274.12	28
Hinsdale	63	794.15	24
Total		\$2,332,056.46	40,897

*SOURCE: Survey prepared by Western Federal Savings and Loan Association of Denver, Colorado for publication, "Colorado Mobile Home Industry", August, 1972, pages 16 and 17.