

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: HB 253 <2nd Edition>

SHORT TITLE: Certain Manufactured Homes Real Estate

SPONSOR(S): Rep. Brubaker

FISCAL IMPACT

Yes () No () No Estimate Available (X)

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

General Fund

Local Government

* No General Fund Impact *

* See Assumptions and Methodology *

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Local Governments, Department of Revenue, Property Tax Division.

EFFECTIVE DATE: Effective for taxes imposed for taxable years beginning on or after July 1, 2001.

BILL SUMMARY: Under current law residential manufactured homes can be listed by the local tax office as either personal property or real property. The assessor is to consider the home real property if it is a multi-section residential structure, has the moving hitch, wheels, and axles removed, and is placed upon a permanent enclosed foundation on land owned by the owner of the home. The bill removes the multi-section requirement to qualify for real property. It also requires that the property owner relinquish the title to DMV when the property becomes permanent and is listed as real property. The bill includes a civil penalty of up to \$100 for not relinquishing the title.

ASSUMPTIONS AND METHODOLOGY: Tax assessors use the current statute to determine property type, with some local variation. The Department of Revenue has advised the assessors that the most effective way to determine if the home is real or personal property is “the intent of the owner” as exhibited by land ownership, the existence of a permanent foundation, etc. As a result, some communities may already be considering single section homes as real property if they met all the remaining conditions and the owner has made their intent clear to the assessor.

Neither Fiscal Research nor the Department can accurately assess how many vehicles may be shifted from personal to real property as a result of this bill. Nor can they determine if it will be a net tax gain or loss for local governments, as the Department believes that some homes will increase in value once they are shifted to real property, while others will lose value.

Existing law requires that personal property be appraised annually while real property is revalued on an eight or four year cycle. As a result, counties should see a reduction in appraisal time in non-revaluation years because of the bill.

The Division of Motor Vehicles has been collecting the titles when the home becomes permanently affixed. This portion of the bill formalizes this process and grants authority for a civil fine. Because this process is already in place, Fiscal Research does not anticipate a fiscal impact from this portion of the bill.

FISCAL RESEARCH DIVISION 733-4910

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DATE: March 20, 2001



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