

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Mobile Homes Sales Tax

Bill Number(s) HB 509 - Proposed Amendment

Entire Bill

Partial Bill:

Sponsor(s): House Ways & Means Committee

Month/Year Impact Begins: July 1, 2022

Date of Analysis: December 10, 2021

Section 1: Narrative

a. Current Law:

Under current law in Ch. 212, F.S., mobile home sales, delivery, and installation are subject to the 6 percent Sales and Use Tax. Delivery and installation are required with the purchase.

- b. Proposed Change:** The proposed amendment assesses sales tax at the rate of three percent of the sales price on the sale of a new mobile home. The proposed amendment defines the term “new mobile home” as having the same meaning as in s. 319.001, which states: ““New mobile home” means a mobile home the equitable or legal title to which has never been transferred by a manufacturer, distributor, importer, or dealer to an ultimate purchaser.”

Section 2: Description of Data and Sources

- Revenue Estimating Conference on Proposed Language dated 3/6/2020, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/_pdf/page568-570.pdf
- Revenue Estimating Conference on CS/SB 818 dated 2/7/2020, http://edr.state.fl.us/Content/conferences/revenueimpact/archives/2020/_pdf/page329-336.pdf.
- 2021 Manufactured Housing Facts: Industry Overview published May 2021 by the Manufactured Housing Institute, <https://www.manufacturedhousing.org/wp-content/uploads/2021/05/2021-MHI-Quick-Facts-updated-05-2021.pdf>, last accessed 11/18/2021.
- Manufactured Home Shipments & Product Mix by State, 1990-2020, Manufactured Housing Institute, <https://www.manufacturedhousing.org/wp-content/uploads/2020/05/1-UPDATED-MH-Monthly-Shipments-1976-2019.pdf>.
- US Census Bureau, Manufactured Housing Survey, Manufactured Housing Units, Annual Shipments to States: 1994 - 2021.
- US Census Bureau, Manufactured Housing Survey (MHS), Average Sales Price of New Manufactured Homes Sold or Intended for Sale by Size of Home by State.
- US Census Bureau, Manufactured Housing Survey, Selected Characteristics of New Manufactured Homes Sold and for Residential Use by Size of Home and Region 2014 - 2020, South Region.

Section 3: Methodology (Include Assumptions and Attach Details)

The analysis uses the adopted methodology from the Revenue Estimating Conference on Proposed Language dated 3/6/2020 (Method II from the analyses presented at prior conferences) with one modification.

Florida Statutes (2021) define manufactured homes as mobile homes built to HUD code as described below.

“320.01(2)(a) “Mobile home” means a structure, transportable in one or more sections, which is 8 body feet or more in width and which is built on an integral chassis and designed to be used as a dwelling when connected to the required utilities and includes the plumbing, heating, air-conditioning, and electrical systems contained therein. For tax purposes, the length of a mobile home is the distance from the exterior of the wall nearest to the drawbar and coupling mechanism to the exterior of the wall at the opposite end of the home where such walls enclose living or other interior space. Such distance includes expandable rooms, but excludes bay windows, porches, drawbars, couplings, hitches, wall and roof extensions, or other attachments that do not enclose interior space. In the event that the mobile home owner has no proof of the length of the drawbar, coupling, or hitch, then the tax collector may in his or her discretion either inspect the home to determine the actual length or may assume 4 feet to be the length of the drawbar, coupling, or hitch.

(b) “Manufactured home” means a mobile home fabricated on or after June 15, 1976, in an offsite manufacturing facility for installation or assembly at the building site, with each section bearing a seal certifying that it is built in compliance with the federal Manufactured Home Construction and Safety Standard Act.”

The US Department of Housing and Urban Development defines manufactured homes as factory-built housing with the following characteristics.

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Mobile Homes Sales Tax

Bill Number(s) HB 509 - Proposed Amendment

“Manufactured homes, also known as HUD Code homes, are built in a factory to the federal building code (HUD Code) and have a permanent chassis on which they can be transported. Manufactured homes, when sited, may be placed on a foundation that meets conventional lending requirements. Factory-built housing falls under four general types: manufactured, modular, panelized, and precut.”

The Census Manufactured Housing Survey, conducted on behalf of USDHUD, includes **only** new manufactured homes that have received a Federal inspection (i.e., HUD-code homes). The statistics on shipments of new manufactured homes are produced by the Institute for Building Technology and Safety (IBTS) and published by the Manufactured Housing Institute (MHI).

The universe of the Census survey is interpreted to be identical to the definition of manufactured homes in Florida Statutes. Therefore, the analysis below uses the Census data as a starting point in the analysis. In addition, this analysis assumes manufactured homes to be deemed tangible personal property sold through a retail dealer but modular, panelized, and precut homes to be deemed real property since the latter type is site-built and typically finished by a builder or contractor (not sold through a retail network) and subject to local building code.

Method II takes shipments of new single-section and multi-section manufactured homes for Florida for calendar years 2019 and 2020 from the Manufactured Housing Institute’s 2021 annual report, which are sourced from the US Census Bureau’s Manufactured Housing Survey to produce a FY estimate. It is assumed that shipments of new homes equal sales. Shipments data reflect units sold better than administrative counts of titles because each section of a mobile home is required to have a title and a registration under Florida law and each section of a mobile home gets a Real Property sticker. For example, a buyer of a double-section mobile home must pay for two titles and two registrations. Administrative data will record each section of the multi-section mobile home as a new title, resulting in over counting of the number of homes sold if it is assumed that each title or registration represents a home.

The proposed amendment governs sales of new mobile homes only. Current law exempts mobile home sales for resale, for example when the units will be rented out. An estimate of units currently exempt from sales tax is developed using the percentage of new mobile homes placed inside mobile home communities (US Census Bureau). The remainder represents an estimate of new annual sales currently subject to sales tax. This step is a modification of the previously used Method II.

The average price is from the US Census Manufactured Housing Survey. The price was assumed to remain constant over the five years of the impact.

Mobile home sales are grown by the growth rate of titles from the prior impact analysis (3/6/2020, which uses the January 2020 REC). No adjustment was made to the growth rate of titles to account for potentially changing composition of single-section versus multi-section homes. To illustrate, if in year 1 there were 100 sales of single-section mobile homes then there would be 100 titles issued. If in year 2 there were 100 sales of double-section mobile homes, then there would be 200 titles issued. The growth in sales equals zero but the growth in titles issued equals 100%.

Delivery and installation: Delivery and installation charges vary depending on the size and type of home. Delivery may be included in the sales price. DMHSMV requires a licensed installer and delivery company to be used. Internet search suggests that delivery might be between \$2,000 and \$5,000 and installation might be between \$1,000 and \$5,000. A mobile home sold in Florida must meet the wind zone requirements of the local government. This analysis does not estimate sales tax on delivery and installation separately. The delivery and installation will also be subject to the rate reduction as per s. 212.02(16), F.S.

The new units sold outside of mobile home parks in Florida multiplied by the average price per unit produced an estimate of sales for each year of the forecast. The proposed amendment imposes a three percent sales tax instead of the current six percent sales tax on the sales price of new units.

Section 4: Proposed Fiscal Impact:

The proposed impact has 11 months of impact for the first fiscal year (2022-23).

REVENUE ESTIMATING CONFERENCE

Tax: Sales and Use Tax

Issue: Mobile Homes Sales Tax

Bill Number(s) HB 509 - Proposed Amendment

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23			(9.9)	(10.8)		
2023-24			(10.8)	(10.8)		
2024-25			(10.9)	(10.9)		
2025-26			(11.1)	(11.1)		
2026-27			(11.2)	(11.2)		

List of affected Trust Funds: Sales and Use Tax Grouping

Section 5: Consensus Estimate (Adopted: 12/10/2021) The Conference adopted the middle estimate with a “Sold and Placed Units” adjustment of 100%.

	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	(14.0)	(15.2)	(Insignificant)	(Insignificant)	(0.5)	(0.5)	(1.3)	(1.5)
2023-24	(15.3)	(15.3)	(Insignificant)	(Insignificant)	(0.5)	(0.5)	(1.5)	(1.5)
2024-25	(15.5)	(15.5)	(Insignificant)	(Insignificant)	(0.5)	(0.5)	(1.5)	(1.5)
2025-26	(15.6)	(15.6)	(Insignificant)	(Insignificant)	(0.5)	(0.5)	(1.5)	(1.5)
2026-27	(15.8)	(15.8)	(Insignificant)	(Insignificant)	(0.5)	(0.5)	(1.5)	(1.5)

	Local Option		Total Local		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2022-23	0.0	0.0	(1.8)	(2.0)	(15.8)	(17.2)
2023-24	0.0	0.0	(2.0)	(2.0)	(17.3)	(17.3)
2024-25	0.0	0.0	(2.0)	(2.0)	(17.5)	(17.5)
2025-26	0.0	0.0	(2.0)	(2.0)	(17.6)	(17.6)
2026-27	0.0	0.0	(2.0)	(2.0)	(17.8)	(17.8)

	A	B	C	D	E	F	G
1	HB 509 - Proposed Amendment - Sales Tax on Mobile Home Sales						
2	12/10/2021						
3							
4							
5	Method II						
6	Manufactured Housing Institute Data & Census Manufactured Housing Survey						
7	1. Sales of NEW mobile homes by type and total.						
8	Florida NEW Single Section and Multi Section Manufactured Home Shipments						
9		Single	Multi	Total			
10	CY 2019	2,400	5,419	7,819			
11	CY 2020	1,972	4,709	6,681			
12	FY 2019-20	2,186	5,064	7,250			
13	Sources: Manufactured Home Shipments & Product Mix by State, 1990-2020, Manufactured Housing Institute. US Census Bureau, Manufactured Housing Survey, Manufactured Housing Units, Annual Shipments to States: 1994 - 2021.						
14							
15	2. Share of MH placed inside MH communities as a proxy for rental units.						
16	Manufactured homes placed inside manufactured home communities (South)					14%	
17	Source: US Census Bureau, Manufactured Housing Survey, Selected Characteristics of New Manufactured Homes Sold and for Residential Use by Size of Home and Region 2014 - 2020, data for South Region.						
18							
19							
20	New units NOT SUBJECT to sales tax currently (sale for resale). Assumes all units inside manufactured home community were purchased to be rented out.			1,008			
21	Mobile home units subject to sales tax currently			6,242			
22							
23	3. Adjustment for sold & placed units.			6,242		1.00	
24							
25	3. Average sales price of MH.						
26	Average sale price of a new mobile home:			\$ 89,200			
27	Source: US Census Bureau, Manufactured Housing Survey (MHS), Average Sales Price of New Manufactured Homes Sold or Intended for Sale by Size of Home by State. Excludes sales tax.						

	A	B	C	D	E	F	G
28							
29							
30							
31	4. REC Titles Revenue Growth Rates Forecast (Used the 2020 forecast used in the prior bill analysis).						
32		1/7/20 REC Titles Revenue Growth Rates	7/29/21 REC Titles Revenue Growth Rates				
33	FY 2020-21	1.61%	14.69%				
34	FY 2021-22	0.44%	-3.64%				
35	FY 2022-23	0.76%	0.94%				
36	FY 2023-24	0.65%	-0.21%				
37	FY 2024-25	0.96%	-0.55%				
38	FY 2025-26	0.97%	0.54%				
39	FY 2026-27	1.06%	0.78%				
40							
41	5. Apply 1/7/20 REC Titles growth rates to estimate NEW UNITS sold. Use average sales price from above.						
42							
43							
44		Current Law (6%)	Current Law (6%)	Current Law (6%)	Proposed Amendment (3%)	Proposed Amendment (3%)	
45	FY	UNITS Sold of NEW Mobile Homes	Total Retail Sales (New Mobile Homes)	Sales Tax Collections	Sales Tax Collections	Reduction in Sales Tax Collections	
46	FY 2019-20	6,242					
47	FY 2020-21	6,342	565,706,400	33,942,384			
48	FY 2021-22	6,370	568,204,000	34,092,240	17,046,120	-17,046,120	
49	FY 2022-23	6,418	572,485,600	34,349,136	17,174,568	-17,174,568	
50	FY 2023-24	6,460	576,232,000	34,573,920	17,286,960	-17,286,960	
51	FY 2024-25	6,522	581,762,400	34,905,744	17,452,872	-17,452,872	
52	FY 2025-26	6,585	587,382,000	35,242,920	17,621,460	-17,621,460	
53	FY 2026-27	6,655	593,626,000	35,617,560	17,808,780	-17,808,780	

12/10/2021

Annual Shipments to States: 1994 - 2021
(2021 YTD: Through August)

CY	Florida
1994	17,805
1995	15,951
1996	17,388
1997	18,971
1998	20,246
1999	17,563
2000	12,285
2001	11,749
2002	11,148
2003	10,629
2004	15,582
2005	17,750
2006	11,036
2007	6,122
2008	4,292
2009	2,334
2010	2,493
2011	2,342
2012	2,659
2013	3,002
2014	3,780
2015	4,954
2016	5,453
2017	5,855
2018	7,322
2019	7,819
2020	6,681
2021	4,863

January-August

Source: US Census Bureau, Manufactured Housing Survey.

United States			
CY	Shipments	Sold & Placed	Ratio Sold to Shipped
2014	64,331	44,100	0.69
2015	70,544	45,600	0.65
2016	81,136	51,500	0.63
2017	92,902	53,900	0.58
2018	96,555	55,100	0.57
2019	94,615	62,200	0.66
2020	94,390	60,500	0.64
2021	70,410	NA	NA
Average			0.63

Source: Selected Characteristics of New Manufactured Homes Sold and Placed