REVENUE IMPACT OF PROPOSED LEGISLATION

74th Oregon Legislative Assembly
2007 Regular Session
Legislative Revenue Office

Bill Number:	**HB 2735-C**
Revenue Area:	Income Tax
Economist:	Mary Ayala
Date:	6/22/2007

Measure Description: Requires an owner of a mobile-home park to pay each mobile-home owner between $5,000 and $9,000 if the homeowner is forced to relocate or abandon his property due to the park's closure. These payments shall be exempt from income tax. This exemption is applicable to tax years on or after January 1, 2007 and before January 1, 2013. Creates the Office of the Manufactured Dwelling Park Community Relations, within the Housing and Community Services Department effective January 1, 2013. Requires this Office to adopt rules establishing a sample form for the notice of termination that is sent to a park resident declaring that he must vacate the park. In consultation with the Department of Revenue, this Office shall also adopt rules for establishing a sample form that will instruct park residents that a closure may allow the taxpayer to appeal a property tax assessment on the manufactured dwelling. Prohibits local governments from enforcing an ordinance, rule of other local law regulating manufactured dwelling park closures after July 1, 2007. Notwithstanding this prohibition, within 90 days of the effective date of this Act, a local governing body may amend a law, rule or ordinance that was adopted before July 1, 2007, if the amendment increases the rights of park tenants to be equal to or greater than the rights established by this Act. Establishes a January 1, 2014 sunset date for an exemption on capital gains derived from the sale of a mobile-home park to a mobile-home association. Requires that the owner of a marina pay owners of floating homes the lesser of $3,500 or moving and set-up costs, if the marina is closed and the tenant is given less than 180 days notice to vacate the premises. Instructs the Department of Housing and Community Services to adopt rules to administer this section. Expands use of the annual $6 assessment imposed on a manufactured home that is credited to the Mobile Home Parks Account. In addition to ORS 446.515, the assessments may be used for carrying out ORS 446.380, 446.385, 446.392 and 446.543.Except as noted in Section 2 (a), takes effect 91 days after sine die**.**

$	2007-08	2008-09	2007-09 Biennium	2009-11 Biennium
State General Fund	**-50,000**	**-50,000**	**-100,000**	**-100,000**
State Other Funds	**0**	**0**	**0**	**0**
Local Government	**0**	**0**	**0**	**0**
Local School Districts	**0**	**0**	**0**	**0**

Impact Explanation:

DATA

1.Household adjusted gross income (AGI) in 2005 by value range and the average income tax paid by value range of AGI. (Source: Oregon Personal Income Tax Statistics, DO.R. Tax year 2005).

2. Data reported for 1 mobile home park sale to a homeowner's association (Source: 'Their Own Community', Democrat- Herald. April 2, 2007). This 13 acre park with 45 home sites sold in 2006 for $41,000 per site.

Assumptions

Exemption on the $5,000-$7,000-$9,000 payments to homeowners.

1.The incremental tax associated with an average $7,000 payment to a owner of a mobile home who is required to move due to a park closure will be roughly $150.

2. Roughly 200 mobile home owners will be required to move or vacate their homes. ($150*200= $31,200 per year is the value of the exemption from income tax.

Repeal of the sunset date for capital gains on sales of mobile home parks to certain associations.

1. The sale of home parks to home-owners associations will be negligible in urbanized areas where the land cost will prevent home-owner associations from purchasing their parks.

2. The capital gain on most of the parks that will be sold to homeowner associations will be located in areas where land values have not appreciated substantially over the past decade. For the most part the average value of the land will not be worth more than $20,000, the cost of which a decade ago might have been $5,000 per site.

3. Assume 1 park with 30 sites is sold every biennium.

4. The capital gain on the land is $15,000 * 30 sites = $450,000 per biennium.

5. The effective tax rate of 8% applied to $450,000= $36,000 per biennium or $18,000 per year.