

**PROPERTY TAX**

**Mortgage financing for manufactured homes in manufactured home park cooperatives allowed**

May 14, 2020

	<b>Yes</b>	<b>No</b>
DOR Administrative Cost/Savings		X

Department of Revenue  
 Analysis of H.F. 2967 (Sauke) 2nd Engrossment

	<b>Fund Impact</b>			
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
				(000's)
Property Tax Refund Interaction	\$0	\$0	\$0	negligible

Assumed effective date of August 1, 2020.

**EXPLANATION OF THE BILL**

Under current law, manufactured homes are considered personal property unless the owner of the manufactured home holds the title to the land on which it is situated.

The proposal would allow manufactured homes that are situated on land owned by a nonprofit or cooperative of which the owner is a member to be valued as real property if the owner files an affidavit.

**REVENUE ANALYSIS DETAIL**

- Allowing manufactured homes to be classified as real property instead of personal property would make them eligible for traditional mortgage financing.
- The proposed change from personal property to real property would not affect the classification or valuation of the manufactured homes. However, the proposal may affect the local tax base.
- Under current law, manufactured homes assessed as personal property pay property taxes in the same year in which they are assessed. They are not included in the local tax base used to determine tax rates.
- As real property under the proposal, manufactured homes would be included in the local tax base used to determine tax rates. This would cause a shift in taxes away from all properties currently in the tax base, including homesteads.
- The earliest manufactured homes would change to real property would be for assessment year 2021. It is assumed a small number of manufactured home owners would file affidavits to be classified as real property for assessment year 2021.
- As a result of property taxes shifting away from homesteads, property tax refunds paid by the state would decrease by a negligible amount beginning in fiscal year 2023.

**PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)**

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

*The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.*

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[www.revenue.state.mn.us/research\\_stats/  
pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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