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## FISCAL IMPACT REPORT

SPONSOR McKibben DATE TYPED 02/11/98 HB \_\_\_\_\_

SHORT TITLE Manufactured Home Rental Gross Receipts SB 18/aSWMC

ANALYST Manuel F. Gallegos

### REVENUE (Thousands)

<u>Estimated Revenue</u> FY99	<u>Estimated Revenue</u> FY00	<u>Subsequent</u> <u>Years Impact</u>	<u>Recurring</u> <u>or Non-Rec</u>	<u>Fund</u> <u>Affected</u>
\$ ( 89.2)	\$ ( 97.3)	\$ na .	<u>Recurring</u>	<u>Gen. Fund</u>
\$ ( 39.1)	\$ ( 42.7)	\$ na .	<u>Recurring</u>	<u>Muni/Cnty</u>

(Parenthesis ( ) Indicate Revenue Decreases)

Duplicates SB95

### SOURCES OF INFORMATION

Taxation and Revenue Department

### SUMMARY

#### Synopsis of SWMC Amendment

The SWMC amendment deletes the language from the original proposal permitting a deduction for the leasing of recreational vehicles for periods of 30 days or longer.

### FISCAL IMPLICATIONS (SWMC Amendment)

The SWMC amendment changes the fiscal impact. The revised impact in FY99 is \$89,000 to the general fund and \$39,100 to the municipalities and counties. The maximum impact has been estimated between \$140,000 to \$150,000 for the full year.

### TECHNICAL ISSUES

The SWMC amendment addresses Technical Issue #2; with the language changes it will no longer be necessary to add language to subsection C of Section 7-9-53 regarding the leasing of furniture in a recreational vehicle.

### OTHER SUBSTANTIVE ISSUES

The SWMC amendment addresses the issue regarding the unequal treatment of hotel/motel rooms in comparison with leasing of recreational vehicles. The SWMC amendment balances the taxation of both the hotel/motel room and the recreational vehicle.

Synopsis of Original Bill

This bill expands the deduction for rental of real property to include recreational vehicles.

Section 1- Expands the deduction for the rental of real property to include rentals of recreational vehicles for a period of one month or longer. Also, expands the deduction to include the leasing of a space for a recreational vehicle in a trailer park or similar facility if the space leased is for thirty days or more.

This bill provides for an April 1, 1998 effective date if an emergency clause is left intact and a June 1, 1998 effective date if emergency clause is removed.

**FISCAL IMPLICATIONS**

The Taxation and Revenue Department estimates that a loss of \$410 thousand to the general fund and \$180 thousand to municipalities and counties will occur in FY99.

**ADMINISTRATIVE IMPLICATIONS**

Training and instruction redrafting would be needed and could be incorporated into the normal forms revisions by TRD and annual tax workshops of TRD.

**TECHNICAL ISSUES**

1. The term recreational vehicle needs to be defined. Do you want to include both recreational vehicles that travel under their own power (i.e. a motor home) and recreational vehicles that must be attached to a motor vehicle (i.e. a camp trailer or travel trailer)?
2. May want to consider adding the term recreational vehicle to Subsection C. Otherwise, the rental of the recreational vehicle will be deductible but the furniture and appliances will not be deductible.

**OTHER SUBSTANTIVE ISSUES**

There appears to be an un-even playing field when one treats the rental of an RV (which is mobile in nature) differently from a hotel/motel room (non-mobile) when both are used as semi-permanent housing.

MFG/gm