

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at  
Chairperson

11:00 a.m. ~~noon~~ on Wednesday, February 13, 1985 in room 526-S of the Capitol.

All members were present ~~except~~:

Committee staff present:

Tom Severn, Research Department  
Melinda Hanson, Research Department  
Don Hayward, Revisor's Office  
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Senator Mike Johnston  
Larry Landrith, Coleman Company  
Terry Humphrey, Kansas Manufactured Housing Institute  
Robert Glasse, Aetna Mobile Homes  
Lionel Clark, Guerdon Industries  
Dick Barrett, Commodore Home Systems  
Donald Allison, Dick Allison Mobile Homes  
Don Christman, Wilcox Homes & R. V. Center  
Marty Gold, First National Bank of Topeka  
Karen McClain, Kansas Association of Realtors

Senator Mike Johnston requested that the Committee introduce a resolution relating to classification of property for taxation purposes. Senator Kerr moved that the bill be introduced. Senator Burke seconded the motion, and the motion carried.

Chairman Kerr provided an explanation of the 30-12 classification proposal (Attachment 1) and requested that the Committee introduce a resolution (Bill draft 5 RS 0926). Senator Burke moved that the bill be introduced. Senator Allen seconded the motion, and the motion carried.

S.B. 152 - Exemption from taxation of mobile home sales.

Larry Landrith read his testimony in support of the bill (Attachment 2).

Terry Humphrey read her written testimony in support of S.B. 152 (Attachment 3). She explained that the bill applies only to mobile homes, not modular homes. She said that S.B. 152 would provide that manufactured housing receives the same treatment as other similar forms of housing. Ms. Humphrey contended that the revenue loss to the state will be less than the 1 million dollars estimated because of increased sales.

Robert Glasse read his written testimony in support of the bill (Attachment 4). He stressed that the mobile home industry pays sales tax on the entire transaction when a mobile home is sold, including profits, commission, delivery, etc.

Lionel Clark testified in support of the bill (Attachment 5).

Dick Barrett read his statement in support of S.B. 152 (Attachment 6).

Donald Allison testified in support of the bill (Attachment 7).

Don Christman read his testimony in support of the bill (Attachment 8).

Marty Gold testified in support of S.B. 152 (Attachment 9).

Karen McClain read her testimony in opposition to the bill (Attachment 10). She stressed that mobile homes are treated differently than other types of housing throughout the statutes solely because they are mobile. Senator Burke asked Ms. McClain if the bill specified that the sales tax would only apply if the home was moved, whether that would eliminate her opposition. Ms. McClain said she believed so but would have to get back on that specifically.

CONTINUATION SHEET

Minutes of the Tax Committee on February 13, 1985

Senator Mulich moved that the minutes of the February 12, 1985 meeting be approved. Senator Allen seconded the motion, and the motion carried.

Meeting adjourned.

ASSESSMENT AND TAXATION

OBSERVERS  
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2/13/85	CLARK YOUNG	TOPEKA	Intern - San Fred Kim
2/13/85	Kim Bureau	St. Mary	City of St. Mary
2/13/85	Betty R. Raine	Maple Hill	Trustee
2/13/85	Don Raine	Maple Hill	Trustee
2/13/85	Loren McClain	Topeka	KS. ASSOC. OF REALTORS
	Janet Stubbs	"	HB AK
2-13-85	KEVIN WADE	LaCygne, KS.	KMHI
2-13-85	Evelyn Wade	Jala, KS	KMHI
2/13/85	Randy Byrjesson	Columbas	Empire District Elec
"	Don Johnson	Joplin	KCCG
"	Don Alleros	Wichita	KMHI
"	DON CHAUSMAN	TOPEKA	KMHI
"	Larry E. Hoover	Wichita, KS	KMHI
"	Don Galbotts	Altamont, KS	KMHI
"	Blumberg	Lawrence, KS	Webster's Inc
"	Ouis T. Jensen	Topeka, KS.	Commerce Bank + Trust
"	Marty Gidd	" "	1st National Bank
"	Donald Clark	Manhattan	Quendon Inv
"	Doc Bussell	Altamont	Commerce Bank
"	Terry Humphreys	Topeka, KS	KMHI
"	Robert G. Blake	Wichita, KS	KMHI
"	Larry Landrith	Wichita, KS	Columbia Co. Inc

FRED A. KERR  
SENATOR THIRTY-THIRD DISTRICT  
BARBER, COMANCHE, HARPER, KINGMAN, KIOWA,  
PRATT, STAFFORD, S. RENO  
W. SUMNER COUNTIES  
ROUTE 2  
PRATT, KANSAS 67124



TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS  
CHAIRMAN: ASSESSMENT AND TAXATION  
MEMBER: AGRICULTURE  
EDUCATION  
ENERGY AND NATURAL RESOURCES  
LEGISLATIVE AND CONGRESSIONAL  
APPORTIONMENT  
CHAIRMAN: MAJORITY PARTY CAUCUS

30-12 CLASSIFICATION PROPOSAL

The 30-12 classification proposal is designed to provide property tax protection for homeowners while addressing the need for personal property tax relief up front. It addresses the economically depressing and administratively difficult personal property tax by providing an exemption. It would transfer most of this burden to commercial and industrial real estate.

The proposal would lock in use value appraisal methods for agricultural land. It suggests that all property should be assessed at 30% except homes which would be at 12%. Since most property would be at 30%, the tax base is larger than the current base or would be the case in the 30-20-10 proposal.

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The proposed levels of assessment are outlined below.

Ag land (use value), rural and urban commercial and industrial, state assessed utilities, other state assessed properties, oil and gas, vacant lots and vehicles.	30%
Rural and urban residences including multi-family dwellings.	12%
All other personal property including inventories, machinery and equipment.	exempt

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The above is an explanation of the 30-12 classification proposal provided by Senator Fred Kerr, Chairman, Senate Committee on Assessment and Taxation.

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1983 PROPERTY VALUES  
 \*\*\* STATE TOTALS \*\*\*

CLASS OF PROPERTY	1983 ASSESSED VALUATION	% OF TOTAL	ESTIMATED MARKET VALUE	% OF TOTAL	ESTIMATED ASSESSED VALUE (30%)	% OF TOTAL	PROPOSED RATIO	PROPOSED ASSESSED VALUATION	% OF TOTAL
1 RURAL REAL ESTATE									
2 AGR(INCL MIN INTS)	1,676,110,859	15.4%	31,538,804,627	33.3%	9,461,641,388	33.3%	30 ( 9)	2,838,492,416	19.3%
3 HOMESITES, PL SUBDIVS	269,409,840	2.5	3,426,268,184	3.6	1,021,880,455	3.6	12	408,752,182	2.8
4 SPOT INDUSTR, COMM	147,691,386	1.4	2,294,194,555	2.4	688,258,367	2.4	30	688,258,367	4.7
5 TOTAL RURAL REAL	2,093,212,085	19.2	37,239,267,366	39.3	11,171,780,210	39.3		3,935,502,965	26.7
6 URBAN REAL ESTATE									
7 RESIDENTIAL(INCL MIN INT)	2,014,690,476	18.5	24,195,565,190	25.5	7,258,659,557	25.5	12	2,903,467,823	19.7
8 MULTI-FAMILY	195,453,174	1.8	2,044,510,401	2.2	613,353,120	2.2	12	245,341,248	1.7
9 COMMERCIAL	771,105,188	7.1	7,647,586,263	8.1	2,294,275,879	8.1	30	2,294,275,879	15.6
10 INDUSTRIAL	103,715,453	1.0	986,470,900	1.0	295,941,270	1.0	30	295,941,270	2.0
11 VACANT LOTS	46,391,782	0.4	3,638,589,806	3.8	1,091,576,942	3.8	30	1,091,576,942	7.4
12 TOTAL URBAN REAL	3,131,356,073	28.7	38,512,722,560	40.7	11,553,816,768	40.7		6,830,683,162	46.4
13 TOTAL REAL ESTATE	5,224,568,158	47.9	75,751,989,926	80.0	22,725,596,978	80.0		10,766,186,127	73.2
14 STATE ASSESSED									
15 RAILROADS - RURAL	172,780,896	1.6	575,936,322	0.6	172,780,897	0.6	30 (21)	120,946,628	0.8
16 RAILROADS - URBAN	39,843,946	0.4	132,813,157	0.1	39,843,947	0.1	30 (21)	27,890,763	0.2
17 ALL OTHER - RURAL	1,413,133,029	12.9	4,710,443,434	5.0	1,413,133,030	5.0	30	1,413,133,030	9.6
18 ALL OTHER - URBAN	434,907,984	4.0	1,449,693,278	1.5	434,907,983	1.5	30	434,907,983	3.0
19 TOTAL STATE ASSESSED	2,060,665,855	18.9	6,868,886,191	7.3	2,060,665,857	7.3		1,996,878,404	13.6
20 OIL & GAS PRODUCTION									
21 OIL(RURAL & URBAN)	1,112,911,310	10.2	3,789,704,367	3.9	1,112,911,310	3.9	30	1,112,911,310	7.6
22 GAS(RURAL & URBAN)	796,680,976	7.3	2,655,603,255	2.8	796,680,977	2.8	30	796,680,977	5.4
23 TOTAL OIL & GAS PRODD	1,909,592,286	17.5	6,365,307,622	6.7	1,909,592,287	6.7		1,909,592,287	13.0
24 RURAL PERSONAL PROPERTY OTHER THAN OIL & GAS PRODUCTION									
25 VEHICLES	13,232,282	0.1	44,107,606	.0	13,232,282	.0	30	13,232,282	0.1
26 MACHINERY & EQUIPMENT	187,949,959	1.7	626,499,860	0.7	187,949,958	0.7	0	0	0.0
27 MERCHANTS INVENTORY	51,546,043	0.5	171,820,142	0.2	51,546,043	0.2	0	0	0.0
28 MANUFACTURERS INVENTORY	129,382,162	1.2	431,273,869	0.5	129,382,161	0.5	0	0	0.0
29 ALL OTHER BUSINESS	39,375,540	0.4	131,251,805	0.1	39,375,542	0.1	0	0	0.0
30 LIVESTOCK	169,180,386	1.5	563,934,620	0.6	169,180,386	0.6	0	0	0.0
31 MISCELLANEOUS	83,868,044	0.8	279,560,112	0.3	83,868,034	0.3	0	0	0.0
32 TOTAL	674,534,416	6.2	2,248,448,014	2.4	674,534,404	2.4		13,232,282	0.1
33 URBAN PERSONAL PROPERTY OTHER THAN OIL & GAS PRODUCTION									
34 VEHICLES	26,393,197	0.2	87,977,322	0.1	26,393,197	0.1	30	26,393,197	0.2
35 MACHINERY & EQUIPMENT	413,977,986	3.8	1,379,926,621	1.5	413,977,986	1.5	0	0	0.0
36 MERCHANTS INVENTORY	281,849,390	2.6	939,497,965	1.0	281,849,390	1.0	0	0	0.0
37 MANUFACTURERS INVENTORY	146,695,887	1.3	488,986,294	0.5	146,695,888	0.5	0	0	0.0
38 ALL OTHER BUSINESS	108,974,924	1.0	363,249,747	0.4	108,974,924	0.4	0	0	0.0
39 LIVESTOCK	428,533	.0	1,428,442	.0	428,533	.0	0	0	0.0
40 MISCELLANEOUS	68,923,998	0.6	229,746,660	0.2	68,923,998	0.2	0	0	0.0
41 TOTAL	1,047,243,915	9.6	3,490,813,051	3.7	1,047,243,915	3.7		26,393,197	0.2
42 FARM MACHINERY	0	0.0	0	0.0	0	0.0	0	0	0.0
43 BUSINESS AIRCRAFT	0	0.0	0	0.0	0	0.0	0	0	0.0
44 GRAND TOTAL	10,916,604,630	100.0%	94,725,444,804	100.0%	28,417,633,441	100.0%		14,712,202,295	100.0%

PERCENTAGE OF 1983 STATEWIDE ASSESSED VALUATION  
BY ECONOMIC CLASS

Economic Class	Class of Property	(1) Current Percent	(2) Uniform & Equal	(3) Proposed Ratio	(4) Subject Proposal
<b>Agriculture</b>					
	Ag Land	15.4%	33.3%	30(9)	19.3%
	Livestock	1.6%	0.6%	0	0.0%
	Farm Machinery	0.0%	0.0%	0	0.0%
		16.9%	33.9%		19.3%
<b>Commerce and Industry</b>					
	Rural Ind & Comml	1.4%	2.4%	30	4.7%
	Urban Commercial	7.1%	8.1%	30	15.6%
	Urban Industrial	1.0%	1.0%	30	2.0%
	Rural Merch Inv	0.5%	0.2%	0	0.0%
	Rural Manuf Inv	1.2%	0.5%	0	0.0%
	Rural Mach & Eq	1.7%	0.7%	0	0.0%
	All Other Rur Bus	0.4%	0.1%	0	0.0%
	Urban Merch Inv	2.6%	1.0%	0	0.0%
	Urban Manuf Inv	1.3%	0.5%	0	0.0%
	Urban Mach & Eq	3.8%	1.5%	0	0.0%
	All Other Urb Bus	1.0%	0.4%	0	0.0%
	Business Aircraft	0.0%	0.0%	0	0.0%
		21.8%	16.3%		22.3%
<b>Residential</b>					
	Urb Single-Family	18.5%	25.5%	12	19.7%
	Urb Multi-Family	1.8%	2.2%	12	1.7%
	Rural Residences	2.5%	3.6%	12	2.8%
		22.7%	31.3%		24.2%
<b>State-Assessed Utilities</b>					
	Railroads	1.9%	0.7%	30(21)	1.0%
	Other Utilities	16.9%	6.5%	30	12.6%
		18.9%	7.3%		13.6%
<b>Other Properties</b>					
	Oil and Gas Prod	17.5%	6.7%	30	13.0%
	Vacant Lots	0.4%	3.8%	30	7.4%
	Vehicles	0.4%	0.1%	30	0.3%
	Miscellaneous	1.4%	0.5%	0	0.0%
		19.7%	11.2%		20.7%
	Grand Total	100.0%	100.0%		100.0%

NOTE: Details may not add due to rounding.



Attachment 2

*The*

**COLEMAN COMPANY, INC.**

OFFICE OF GOVERNMENT AFFAIRS  
LARRY D. LANDRITH  
316-261-3017

*General Offices*

P.O. BOX 1762  
WICHITA, KANSAS 67201  
AREA CODE 316 261-3211

February 11, 1985

The Honorable Fred Kerr, Chairperson  
Assessment and Taxation Committee  
State Capitol Building  
Room 526-S  
Topeka, Kansas 66612

RE: Senate Bill 152

Dear Senator Kerr:

I'm writing in support of Senate Bill 152 which would provide more equitable tax treatment for the sale of mobile homes.

Coleman is a major supplier of heating and air conditioning equipment to the manufactured housing industry. We like many other Kansas companies have a vital interest in the Kansas manufactured housing industry.

Mobile homes are just that, homes, and they should be treated as such in taxation. SB 152 is a step toward parity with the site-built housing market.

The high value and low cost of mobile homes makes them an attractive source of housing for lower income people, a group that the current sales tax approach unfairly burdens compared with conventional housing.

I hope your committee can act favorably on Senate Bill 152.

Yours very truly,

Larry D. Landrith

/tlw

Testimony provided the Senate Assessment and Taxation Committee  
in support of Senate Bill 152:  
Presented by Larry Landrith, Office of Public Affairs  
The Coleman Co. Inc., Wichita, Kansas  
on February 13, 1985.

Chairperson Kerr, Committee Members and Staff:

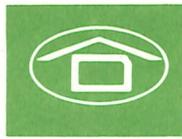
My name is Larry Landrith of the Office of Government Affairs of The Coleman Company, Inc. of Wichita. I'm requesting your support of Senate Bill 152 which would have a beneficial effect on the manufactured housing industry in Kansas.

Coleman is a very major part of that industry. We've long been manufacturers of heating and air conditioning equipment for mobile home use and in fact, the Kansas-based Coleman Company has been the largest such supplier for many years.

Currently, our manufactured housing heating and air conditioning business amounts to 70 million dollars in sales per year.

At this time, 408 employees of Coleman in Wichita are directly involved producing manufactured housing heating and air conditioning products with about a 7 million dollar payroll. Our sales of these products within the state of Kansas, either to manufacturers, or to after-market distributors in the case of air conditioning, amounts to more than 3 million dollars.

Senate Bill 152, by providing more equitable tax treatment, would serve to strengthen one of Kansas' strongest industries which is a significant provider of jobs of both rural and urban areas.



**KANSAS MANUFACTURED HOUSING INSTITUTE**  
100 East Ninth Street • Suite 205 • Topeka, Kansas 66612 • (913) 357-5256

TESTIMONY BEFORE THE SENATE  
ASSESSMENT AND TAXATION COMMITTEE

February 13, 1985

TO: Senator Fred Kerr, Chairman, Assessment and Taxation Committee  
FROM: Terry Humphrey, Executive Director, Kansas Manufactured Housing  
Institute  
SUBJ: In support of SB 152

Mr. Chairman and members of the committee, I am Terry Humphrey, Executive Director of Kansas Manufactured Housing Institute. Thank you for the opportunity to appear before you in support of Senate Bill 152.

The Kansas Manufactured Housing Institute is a trade association representing all facets of the manufactured housing industry, i.e. manufacturers (of which there are 15 within the state), retailers, park owners, suppliers, financial institutions, insurance companies, service companies and transport companies.

Senate Bill 152 has been proposed to change an inequitable application of the Kansas sales tax on manufactured housing. The manufactured home which is built on a steel frame with wheels and axles for transporting it to the home site, is commonly known as a mobile home. Currently manufactured housing is subject to sales tax on the entire retail sales price of the home, and on each subsequent sale thereafter, unless, it is placed on a permanent foundation and subsequently sold with land. This tax is in contrast to stick built housing where sales tax is only collected on the cost of the materials. Furthermore, there is no sales tax collected on the subsequent sales of a stick built home. If Senate Bill 152 becomes law, sales tax on manufactured housing would be paid on 50% of the purchase price on a new manufactured home and sales tax would be eliminated on subsequent sales.

When the sales tax was first imposed on manufactured housing, it was probably not considered inequitable. Mobile homes, or trailer houses, as they were called years ago, were many times temporary housing or auxiliary housing which was moved from place to place with some frequency. Today, manufactured homes are simply not temporary housing. Manufactured homes are permanent, economical and affordable homes for a great many young first time homebuyers and older citizens living on retirement income. Approximately 96% of all manufactured homes sold today remain on the same location that they are originally placed.

If Senate Bill 152 becomes law there will be two important benefits. Presently, manufactured homes may represent the only affordable new home for families in the low to moderate income range. A recent survey found the median household income level of manufactured home buyers to be \$16,881 annually and the average cost of a new manufactured home to be approximately \$20,000. Nationally, the Wall Street Journal reports the average cost of a new sight built home at \$80,000 and would therefore require a family income of approximately \$35,000 annually. Certainly in many cases manufactured housing represents the best buy in housing for many people.

Secondly, the manufactured housing industry is an important part of the Kansas economy. The Kansas Manufactured Housing industry is approaching a billion dollar industry and employs over 5,000 individuals. In cities such as Ottawa, Newton, Hutchinson and Manhattan, this industry contributes largely to the local economies. Last month Marlette Homes of Great Bend, Kansas closed its factory after 25 years of operation and sighted market conditions in the midwest as its major reason for relocating to Texas. Marlette's closing was based on several market factors including sales being down significantly in 1984. Obviously any inducement in the industry will be of benefit.

In recent years several studies have emphasized the need to eliminate roadblocks to home ownership of manufactured housing. These studies include:

- The President's Blue Ribbon Housing Commission Report (April 22, 1982)
- The U.S. Savings and Loan League (position paper "Housing in the 80's")
- National Conference of State Legislatures (booklet on affordable housing).

Already several states have taken steps to eliminate these roadblocks, for example, Indiana, Arkansas, Texas, Georgia, Wisconsin, Minnesota and Colorado have enacted similar sales tax legislation.

It is important to note that the primary obstacle to the passage of this bill is that it carries a fiscal note. The Department of Revenue estimates that approximately 1 million dollars will be lost in revenue annually. However, it is our contention that the revenue loss will actually be lessened due to increased sales.

In conclusion, I would like to remind the committee that the manufactured housing industry is NOT asking for special treatment or the complete elimination of a tax - only for equal treatment with similar forms of housing. Please support Senate Bill 152.



*Kansas*  
DEPARTMENT OF REVENUE

State Office Building  
Topeka, KS 66625

MEMORANDUM

January 7, 1985

TO: Harley T. Duncan.  
FROM: Steve Stotts *Steve*  
SUBJECT: Sales Tax Exemption on Mobile Homes

Ms. Terry Humphrey has asked me to compute a fiscal impact of exempting sales of used mobile homes from sales tax and reducing the sales tax rate on sales of new mobile homes to 1 1/2% from 3%.

The 1982 Census of Retail Trade reports that mobile home sales in Kansas for 1982 were \$53.7 million. This is a 1.4% increase from 1977, or about .3% growth per year. Using a .3% growth rate for each year, total sales in FY 86 would be \$54.3 million. Industry officials estimate that sales of used mobile homes comprise 25% of total mobile home sales. The following table shows the impact of exempting sales of used mobile homes and partially exempting new mobile homes.

<u>Exempting Sales of Used Mobile Homes</u>	<u>Partial Exemption of New Mobile Homes</u>																				
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><u>\$54,300,000</u></td> <td style="width: 50%; text-align: right;">Total FY 86 Mobile Home Sales</td> </tr> <tr> <td style="text-align: right;">x 25%</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;"><u>\$13,575,000</u></td> <td></td> </tr> <tr> <td style="text-align: right;">x .03</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;"><u>\$ 407,250</u></td> <td style="text-align: right;">Fiscal Impact</td> </tr> </table>	<u>\$54,300,000</u>	Total FY 86 Mobile Home Sales	x 25%		<u>\$13,575,000</u>		x .03		<u>\$ 407,250</u>	Fiscal Impact	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;"><u>\$54,300,000</u></td> <td style="width: 50%; text-align: right;">Total FY 86 Mobile Home Sales</td> </tr> <tr> <td style="text-align: right;">x 75%</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;"><u>\$40,725,000</u></td> <td></td> </tr> <tr> <td style="text-align: right;">x .015</td> <td></td> </tr> <tr> <td style="border-top: 1px solid black;"><u>\$ 610,875</u></td> <td style="text-align: right;">Fiscal Impact</td> </tr> </table>	<u>\$54,300,000</u>	Total FY 86 Mobile Home Sales	x 75%		<u>\$40,725,000</u>		x .015		<u>\$ 610,875</u>	Fiscal Impact
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610,875	New Mobile Home Sales																				
<u>\$ 1,018,125</u>																					

In FY 86 the general fund would be reduced about \$1.0 million, and there would also be a reduction in local sales tax revenue.

SAS:x/6035A

# More than 160 laid off following plant closings

GREAT BEND (HNS) — Great Bend has suffered its second straight economic jolt with the closing of Marlette Homes, a situation local officials said they were powerless to avoid.

James Kelly, vice president and general manager of Marlette Homes, announced that facility's shutdown was effective Dec. 31. His announcement came just weeks after the news that Ruskin Manufacturing Co. would close its plant by the end of January, to consolidate its operations in Parsons.

"Believe me, if there was anything we could have done to prevent either closing, we would have done it," Economic Development director Jerry Lindberg said, explaining that he asked both companies what type of incentive could keep them in Great Bend. "The answer was 'nothing,' in both cases."

Lindberg said the two closings will result in a loss of 160 to 165 jobs in the Great Bend market.

"It was the economic times and the location," Mayor Gail Lupton said. "In Ruskin's case, especially, the employees and everyone did

everything they could. The employees offered to take a 20 percent cut in pay, but their market is around the Kansas City area, and even with that pay cut, they figured they were money ahead to get it all under one roof."

Lindberg explained that Ruskin, purchased in 1982 by Phillips Industries of Dayton, Ohio, has plants in Parsons, Paola and Great Bend. The largest of the plants, in Parsons, has been expanded for the consolidation.

"The information we got from Ruskin was that they could save \$130,000 in freight alone in a year's time," Lindberg said, adding that by reducing employees and inventories in the consolidation, the savings could total \$500,000 per year.

The economic development director said that in the case of Marlette Homes, "the question was of its market, and it just wasn't Kansas." Lupton added that the majority of the mobile home firm's dealers were in the south, and most of its operations are in Texas.

Although it was painful, Lindberg said the closings will give Great Bend

an advantage in attracting other industries.

"We're optimistic, due to the fact that we now have available properties for sale," Lindberg said. "Now we have vacant buildings that are all ready to go, when before, any industry coming in would have to build a plant."

Lindberg's optimism, however, is of little immediate consolation to those such as Dale and Donna Schadel of Ellinwood, along with their youngest son, Russell, all of whom were informed by mail Wednesday that they no longer were employed at Marlette.

Schadel had been employed by Marlette for 20 years, while his wife had been there for 18 — 10 in the sewing division and the last eight on the line.

"When you've been with somebody that long, it is a rude awakening," his wife said. She said that employees were called on New Year's Day and informed not to return Wednesday, "but that they would let us know when to come back." On Wednesday, however, the letter announcing the permanent closing arrived.

KANSAS  
Newton Kansas

DEC. -6. 1984

The **KANSAN**  
Newton

## Comment & Opinion

127

### Mobile economy

With the mobile home, or "manufactured housing," industry representing a sizeable segment of the south-central Kansas economy, area residents should have more than a passing interest in some recently released statistics relating to that industry.

The Census Bureau says more than 10 million Americans lived in mobile homes at the time of the 1980 census, with the dwellings accounting for 5.3 percent of the nation's housing stock.

A new report on housing characteristics issued Wednesday disclosed that there were 3,874,236 occupied mobile homes in use, and their presence varied sharply from state to state.

In Wyoming, for example, 29,993 mobile homes constituted 18.1 percent of housing. But in Hawaii, only 139 mobile homes were counted, for one-tenth of one percent of all dwellings.

Nationwide, two-thirds of the mobile homes in use in 1980 had been built within 10 years.

The median income for mobile homes owners was \$13,355, compared with \$20,549 for all homeowners. Mobile home renters had median incomes of \$9,443, while the median for all renters was \$11,331.

More than 98 percent of mobile homes had complete plumbing, 44 percent were connected to public sewers and 62 percent used public water supplies. About 84 percent had central heating and 60 percent had air conditioning.

The highest proportion of mobile homes was 23 percent, reported by Ocala, Fla., and Jacksonville, N.C.

Mobile homes represent an alternative housing option for many who feel they cannot afford home ownership in today's high-interest market.

Even so, the industry is not currently operating at its peak in this area, or across the nation. But the need for affordable housing is not likely to lessen in the foreseeable future. Manufactured housing can be expected to rise from its present slump and remain an important part of the local economy.

KANSAS ASSESSMENT TAXATION COMMITTEE

Mr. Chairman and Committee Members:

ROBERT E. (BOB) GLASSE

Chairman Legislative Committee of Kansas Manufactured Housing Institute 5 Years

In Mobile Home Business since October 1953

President Aetna Mobile Homes, Inc. Wichita, Kansas

President Silver Spur Development, Inc. Wichita, Kansas

Vice President and Stock Holder Classic Designs, Inc. Hutchinson, Kansas  
(Modular Home Manufacturer)

Past President Three Years Kansas Manufactured Housing Institute

Kansas Voting Delegate, Assistant Treasurer, and serve on Executive Committee  
of National Manufactured Housing Federation Washington D.C.

In this legislative session with liquor by the drink, multibank holding companies, paramutual betting, raising the legal drinking age, how to increase income into state coffers, plus many other important issues, all receiving a vast amount of media coverage, we stand before you today and testify for Senate Bill 152, which may only effect 9 out of 10 families in the State of Kansas.

I take those figures from the 'Presidents Blue Ribbon Commission' on housing, and its initial report of April 29th, 1982, in which they state; "90% of the families in the USA cannot afford to buy a site built house".

Our issue today is asking for fair and equal taxation for that 9 out of 10 families who might consider, or really may have NO choice but to purchase a mobile home, if they want a part of the American Dream, to own their own new home.

When we ask for fair and equal taxation, I am speaking of the fact that when a site built home is built, Sales tax is paid on material, as purchased by the builder. In our industry, the manufacturer pays NO Sales tax on material; instead, they buy the material, build the home, add labor, profits, transportation, etc., at which time it is shipped to a retail dealer. Again, NO SALES TAX is paid. Again, profits, sales commission, delivery, and set up are added, and if the purchaser is a first time buyer, Sales tax is then paid on the Full amount.

If the buyer has a trade, they only pay on the difference charged. In the event the mobile home would be traded or resold, regardless of how many times, Sales tax would be paid again on the selling price, or difference each and every time.

On a site built house, Sales tax is paid ONE time, and on material only.

We feel that the families that cannot afford the site built house should pay the Sales tax percentage on 50% of the retail selling price from the dealer, and none on any subsequent sale.

(Marked  
Exhibit  
#1)

We have furnished you with a copy of a letter to Ms. Humphrey from the president of M.H.I. (Manufactured Housing Institute), Mr. Jerry Conners, which reflects that our figures are in line when compared to the national average.

(Marked  
Exhibit  
#2)

A report dated June 26, 1984 by consultant Howard P. Gates, Jr., for the Manufactured Housing Institute - this report was part of information gathered and presented to H.U.D. showing subsequent cost to a consumer if changes in certain construction standards were implemented by H.U.D.

The last page or so, and the formulas have nothing to do with actual material cost, but we wanted you to have the entire report.

The case in point: This is not a study that was done to be used with a Sales tax issue in mind, but does give us the material cost in a mobile home on a national average.

If we might, take a minute to look at exhibits #1, 2, and 3.

I am not attempting to push a simple 4th grade math course on you, but I think it is very important that we understand the documentation, and the figures.

GO THROUGH EXHIBITS AND EXAMPLES

ANY QUESTIONS?

I thank you for your time and attention, and ask, in matter of fact, I plead with you to favorably vote Senate Bill 152 out of committee, and help us get it on the Governors desk during this session. Let us give our children, grand children, and the working Kansan equal taxation regardless of where or how they may choose to live.

Thank you.

A FEW INTERESTING FACTS:

The average selling price - single family dwelling - Wichita, Ks. ....\$74,559  
(Wichita State University)

The average selling price - mobile home .....\$20,000

1983 average Kansas income ..... \$15,916  
(Kansas Business News - February 1985 issue)

10 million people live in 3.88 million mobile homes in the USA  
(Automation in Housing and Manufactured Homes Dealer -  
February 1985 issue)

This represents 5.3% of the nations housing stock.

H.U.D. approved mobile homes are being built and sold at a rate  
exceeding 300,000 per year.



# Manufactured Housing Institute

1745 Jefferson Davis Highway, Arlington, Virginia 22201 / (703)979-6620

January 24, 1985

*Exhibit 1*

Ms. Terry Humphrey  
Executive Director  
Kansas Manufactured Housing Institute  
100 East 9th Street, Suite 205  
Topeka, KS 66612

Dear Terry:

This letter follows up a request made to Holt Blomgren by Robert Glasse, AETNA Mobile Homes, Inc., Wichita, for information which will relate the retail selling price of a manufactured home to the cost of materials in a factory.

In April, 1984, the Manufactured Housing Institute submitted comments on the HUD Proposed Revisions to the Manufactured Home Construction and Safety Standards. At Appendix 5 of that comprehensive submission, we included a consultant's report, "Incremental Cost to Consumer Predicted from Factory Cost Increases", dated January 26, 1984. In that report by Consultant Howard P. Gates, Jr., a prediction was made of the increase in cost to the consumer related to the factory cost of materials. Please note at the top of page 2 of his attached report, the consultant estimates that the consumer cost is 2.29 times the factory materials cost to the home builder. In other words, for any new mobile/manufactured home, the cost of the materials in the home would be equal to the consumer cost (sales price) divided by 2.29. Another way to express this would be to say that the cost of materials in a new home is approximately 43.67% of the retail cost to the consumer.

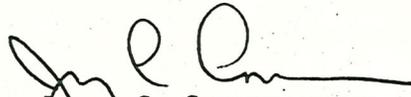
*Example #1*

*Example #2*

Please keep in mind that this estimate is based on nationwide trends as reported by Consultant Gates on page 1 of his analysis. Please note for example, he estimates an average state sales tax of 3.25%.

If we can be of further assistance, please do not hesitate to contact me.

Sincerely,

  
Jerry C. Connors  
President

Enclosure

JCC/ng

## MANUFACTURED HOMES

### Incremental Cost to Consumer Predicted from Factory Cost Increases

January 26, 1984

*Exhibit 2*

Howard P. Gates, Jr.

Prediction when cost increases in material alone are known:

A sequence of surveys quoted by Arthur D. Bernhardt<sup>1</sup> gives average manufactured home material costs as a fraction of manufacturers' (FOB factory) selling prices for years from 1965 to 1977. A subsequent survey<sup>2</sup> by Manufactured Housing Dealer gives a figure for 1979. Several manufacturers (Conner Homes, Moduline, Skyline, Fuqua, Guerdon) have provided their estimates for 1984. The average figures are shown in the table below:

Materials Cost as a Percentage of Manufacturers Selling Price

Year	Percent
1966	68.31
1968	64.55
1970	66.27
1973	65.75
1977	67.31
1979	65.90
1984	60.0

Giving equal weight to all values, second-degree regression yields a predicted value for 1984 of 61.01%.

Under the assumption that all other items of manufacturing cost, including labor, overhead, and profit, increase in proportion to the incremental cost of material, the 1984 factory selling price increment  $F$  is related to the materials cost increment  $M$  by:  $F = M/0.6101$ .

*Example #3*

The Bernhardt estimate of the markup factor from factory selling price to dealers' retail price is 1.353, a figure that gives effect to costs of transportation of the home from factory to dealer and from dealer to customer's lot, setup costs, and dealer expenses, commissions, and profit.

Thus we estimate that the increment in retail selling price,  $P$ , is related to the factory materials cost increment,  $M$ , as follows:

$$P = M * 1.353 / 0.6101 = 2.22M$$

<sup>1</sup>"Building Tomorrow: The Mobile/Manufactured Housing Industry," Arthur D. Bernhardt, MIT Press, Cambridge, Massachusetts, 1980.

<sup>2</sup>"Cost and Profit Survey," Manufactured Housing Dealer, 1979.

<sup>3</sup>"Manufactured Homes," Thomas E. Nutt-Powell, Auburn House Publishing, Boston, 1982.

The full cost impact on the purchaser must include state sales tax, which we estimate averages 3.25% (see tax table, reference 3.) Thus we estimate that the increment in cost to the consumer, C, is related to the factory materials cost increment, M, as follows:

$$C = M * 2.22 * 1.0325 = 2.29M$$

**Prediction when cost increases in both materials and labor or labor alone are known:**

The best available information indicates that direct labor costs for 1984 have leveled off at 10.7% of factory selling price. Thus the sum of direct labor and materials is 71.7% of factory selling price. When materials cost increments alone are known, an assumption that labor costs increase proportionately is justified. Labor cost increments, however, are not necessarily accompanied by materials cost increases. Hence the selling price increment F is related to the sum S of direct materials and labor cost increments by  $F = S/0.717$ .

When dealers' markup is taken into account, the increment in retail selling price P as a function of total direct cost increment S is

$$P = S * 1.353 / 0.717 = 1.89S.$$

The effect of sales taxes is to increase the cost to the consumer by an average of 3.25%. Hence the consumer cost increment is

$$C = S * 1.89 * 1.0325 = 1.95S.$$

**Allocation of development costs:**

Meeting the requirements of new or revised regulations may involve development costs-- engineering labor and overhead; purchased items such as consulting services, testing at outside laboratories, prototype materials, and applicable overhead; and factory materials, labor and overhead associated with the construction of models or prototypes.

Development cost recovery may be spread over a period of years corresponding to the expected longevity of the model line or the interval before new regulations are expected, whichever is shorter.

For a discount rate of 12%, the amortized annual recovery is about 42c per dollar of present value for a three-year recovery period and 28c per dollar for a 5-year recovery period.

Thus, where D is the total factory development price, including profit, applicable to a model line, and N is the number of units of the model line expected to be produced each year, the allocable per-unit factory selling price, retail price, and consumer cost increments attributable to development, taking into account the dealer markup and sales taxes are as shown in the table on the following page:

Increment	3-year amortizing	5-year amortizing
Factory price	0.42D/N	0.28D/N
Retail price	0.564D/N	0.376D/N
Consumer cost	0.582D/N	0.388D/N

EXAMPLE #1:  $\$20,000.00$  Selling Price to CONSUMER  
 $\frac{11.19}{10}$  2.29 (dividc)  
 $\$18,733.62$  Cost of Material  
 $\frac{1.36}{3}$  % of sales tax  
 $\$262.0086$  sales tax collected

EXAMPLE #2:  $\$20,000.00$  Selling Price to CONSUMER  
 $\frac{23.67}{100}$  23.67% of CONSUMER PURCHASE PRICE  
 $\$8,734.00$  Cost of Material  
 $\frac{3}{100}$  % of sales tax  
 $\$262.02$  sales tax collected

EXAMPLE #3:  $\$15,000.00$  Manufacture Invoice  
 $\frac{61.01}{100}$  61.01% Material Cost  
 $\$9,151.50$  Material ONLY  $\$15,000.00$  Wholesale Cost  
 $\frac{3}{100}$  % of sales tax if pd by Mfg.  
 $\$274.54$  sales tax collected

SENATE BILL #1528:  $\$15,000.00$  Manufacture Invoice  
 $\frac{33.33}{100}$  33.33% Mark-up by Dealer  
 $\$20,000.00$  Selling Price to CONSUMER  
 $\frac{50}{100}$  % of Retail Selling Price  
 $\$10,000.00$   
 $\frac{3}{100}$  % of sales tax  
 $\$300.00$  sales tax collected



February 13, 1985

To: Senator Fred Kerr  
Members of Assessment & Taxation Committee

Re: Support of S-B 152

Senator Kerr, Members of Assessment & Taxation Committee,

I'm Lionel Clark, General Manager of Guerdon Industries, Inc.  
of Manhattan, Kansas.

Guerdon Industries was founded by Gurdon T. Wolfe in Marlette, Michigan in March of 1953 and a second plant opened in Newton, Kansas in 1955 relocating to Manhattan in 1973. We presently employ approximately 75 people and during our prime selling season will employ 125.

Mr. Wolfe's purpose was to provide affordable housing to the many families unable to afford on site constructed housing. This is still the goal and purpose of the manufactured housing industry today. The cost of materials used in the manufacturing of our homes runs approximately the same as the material figures of .6101 found in exhibit II, example 3.

We at Guerdon Industries strongly support S-B 152 and feel it is a very important piece of legislation for both consumer and industry.

TO: Chairman Senator Fred Kerr and members of the committee to assessment and taxation.

REFERENCE: Support to Senate Bill #152

FROM: Dick Barrett, General Manager Commodore Home Systems, Ottawa, Kansas (Manufacturer of Factory Built Housing).

STATEMENT: We at Commodore Ottawa are 1 of 13 factory built housing plants located in the state of Kansas, each of which employees approximately 100 people. Please compare this to 1970 when there were 26 plants averaging 100 employees each in the state of Kansas.

Let me also state that the remaining 13 have experiences tremendous financial difficulties the last few years and I direct most of this difficulty at the existing inequities found between site built and factory built housing in the areas of zoning, financing, and taxation.

The age old American dream of home ownership has become JUST THAT, a dream, to a fast growing group of American citizens. This is due to the rapid increase of material and labor cost over the last decade.

Factory built housing can cut cost per square foot building almost in half in comparison to site built because of our efficient assembly line labor and the ability to purchase massive amounts of material at major volume discounts.

We can turn that old American dream back into a reality for alot of people, but first we must eliminate some of these inequities our industry is faced with. One major step toward this is the passing of Bill #152 out of committee favorably.

At the wholesale level our bill of materials run approximately 61% of invoice. As you can see, we are not asking for anything more than site built has, we just want to be equal.

I will close by asking you to please pass Bill #152 out of Committee favorably and to thank you for the time given me this morning.



"Your Independent Mobile Home Sales & Service Company Since 1950"

4230 SOUTH BROADWAY • WICHITA, KANSAS 67216-1795 • PHONE (316) 524-4286

#### ASSESSMENT AND TAXATION COMMITTEE

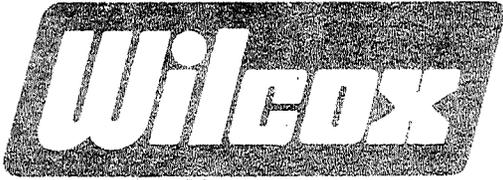
Mr. Chairman and Members of the committee. I'm R. Donald Allison, President of Dick Allison Mobilehomes, Inc. 4230 So. Broadway, Wichita, Kansas. Our company was founded in 1954 by Dick Allison and I have been affiliated with it since my graduation from Kansas State University in 1959. We currently employ 13 persons, plus several sub-contractors and have annual sales of about 1½ million dollars.

I am here to speak in favor of Senate Bill #152. What we are asking for on behalf of consumers that will be purchasing manufactured housing in the future is that sales tax be paid on the material only on new homes - just the same as a new site built home buyer pays. Not on the labor, freight, overhead or profit, but just on the material. We are also asking that no sales tax be paid on a pre-owned manufactured home, since sales tax has already been paid on the new sale. This would also be the same as a buyer of a site built pre-owned home would pay. We are not asking for an exemption of sales tax on this product, like many of the other products that appear in this section, but that a mobilehome be treated no different than a site built home for sales tax purposes.

Mobilehomes are now taxed the same as a site built home for property tax purposes. This was accomplished by the 1982 legislature, and became effective January 1, 1983. The law now states that all mobilehomes used as a dwelling or residence shall be appraised for advalorem tax purposes in the same manner as real property.

Taxation on mobilehomes evolved somewhat like the product itself. Our industry was started in the 1940's because of housing shortages. The homes were very small (24'x8') and the construction methods and quality were totally unregulated. Since they were pulled behind automobiles, they became associated more with motor vehicles than with site built housing and; therefore, they were licensed, assessed as personal property and sales tax paid on the total selling price. Although the product is now HUD regulated and is no longer easily relocated because of its size (800-1600 sq. feet) it is still associated with motor vehicles by some antiquated laws.

Mobilehomes now represent almost all housing being built for under \$40,000.00. We dominate this market, not because a HUD approved factorybuilt home is inferior, but because the site built industry has not been able to fill this need. Most of our price advantage comes from volume material purchasing, and mass production in an environmentally controlled factory.



**HOMES & RV CENTER, INC.**

835 Northeast Highway 24 • Topeka, Kansas 66608 • 913 357-5111

TO: ASSESSMENT AND TAXATION COMMITTEE

DATE: FEBRUARY 13, 1985

SUBJECT: SALES TAX ON MANUFACTURED HOUSING

SENATOR KERR AND MEMBERS OF THE COMMITTEE:

MY NAME IS DON CHRISTMAN. I AM CO-OWNER AND SECRETARY-TREASURER OF WILCOX HOMES & R.V. CENTER, INC., TOPEKA, AND A PRINCIPAL IN COACHLIGHT VILLAGES MOBILE HOME PARKS. COACHLIGHT OPERATES 294 RENTAL SPACES IN TOPEKA, KANSAS.

I AM APPEARING THIS MORNING TO SPEAK IN FAVOR OF THE SALES TAX BILL YOU ARE CURRENTLY CONSIDERING THAT WOULD ELIMINATE THE SALES TAX ALTOGETHER ON USED MOBILE HOMES AND REDUCE THE SALES TAX ON A NEW HOME BY APPLYING THE SALES TAX RATE TO ONE HALF THE SELLING PRICE.

THERE ARE TWO PRIMARY REASONS KANSAS MANUFACTURED HOUSING INSTITUTE AND THEIR MEMBERS ARE SUPPORTING THIS BILL:

1. EQUALITY- UNDER THE PRESENT SALES TAX SYSTEM A CONVENTIONAL HOME BUILDER PAYS SALES TAX ON THE MATERIALS ONLY THAT ARE USED IN THE CONSTRUCTION OF A NEW HOME. THIS IS THE ONLY SALES TAX COLLECTED AND THE ONLY TIME SALES TAX IS COLLECTED ON A CONVENTIONAL HOME. WITH THE NEW MANUFACTURED HOME, SALES TAX IS COLLECTED ON THE TOTAL SELLING PRICE OF THE HOME INITIALLY AND WITH EACH SUBSEQUENT SALE. I WOULD SUBMIT TO YOU THAT IN ORDER FOR THE MANUFACTURED HOME INDUSTRY AND THE MANUFACTURED HOME DWELLER TO BE TREATED EQUALLY, SALES TAX SHOULD BE ELIMINATED ON USED HOMES AND THE MATERIALS ONLY TAXED ON NEW HOMES. BY BEST ESTIMATES, MATERIALS ON A NEW HOME WOULD EQUAL ABOUT ONE HALF THE RETAIL SALES PRICE.

2. THE SECOND ISSUE IS A PEOPLE ISSUE. HOME OWNERSHIP IS A DREAM EVERYONE SHARES AND THE MAJORITY OF PEOPLE WHO NEED TO BUY A LOW COST HOME CHOOSE A MANUFACTURED HOME. IF THE SALES TAX BILL IS PASSED INTO LAW A GREATER PERCENTAGE OF THE PEOPLE WE SEE DAILY WHO HAVE THE DESIRE TO PURCHASE A HOME WILL QUALIFY. THE NET EFFECT OF OUR SALES TAX BILL IS A LOWERING OF THE TOTAL COST AND A LOWERING OF THE DOWN PAYMENTS REQUIRED TO PURCHASE A HOME. ELIMINATION OF SALES TAX ON A \$10,000.00 USED HOME WOULD LOWER THE DOWN PAYMENT BY \$400.00 IN TOPEKA OR ON A 10 YEAR PAY PLAN AT CURRENT RATES (14.25%), WOULD SAVE THE PURCHASER OVER \$750.00. THE EFFECT IS SIMILAR ON A NEW HOME, 2% (IN TOPEKA) SAVINGS ON AN AVERAGE NEW 14' WIDE HOME PRICED AT \$20,000.00 WOULD EQUAL \$400.00. OVER A 15 YEAR PAY PLAN AT CURRENT RATES (14.25%), THE SAVINGS WOULD EQUAL \$984.60 TO THE PURCHASER. THE BENEFITS ILLUSTRATED ABOVE WILL ACCRUE TO YOUNG FAMILIES FROM FORMATION OF HOUSEHOLD UP TO ABOUT THE AGE OF 30, AND ACCRUE TO PEOPLE 55 AND OLDER WHO ARE MAKING READY FOR RETIREMENT, AS THESE TWO GROUPS ARE THE PREDOMINATE AGE GROUPS WHO PURCHASE MANUFACTURED HOUSING.

IN CONCLUSION, I WOULD LIKE TO THANK YOU FOR THE OPPORTUNITY TO SPEAK THIS MORNING AND WOULD ASK YOUR SUPPORT AND CONSIDERATION ON THE SALES TAX ISSUE NOW PENDING.

RESPECTFULLY,



DON CHRISTMAN, SEC./TREAS.  
WILCOX HOMES & RV CENTER, INC.

## MEMO

TO: Senator Fred Kerr and Committee Members

FROM: Marty Gold, AVP and Manager, Installment Loan Department  
First National Bank of Topeka, Kansas

DATE: February 13, 1985

RE: SENATE BILL #152 - SALES TAX ON MANUFACTURED HOUSING

I've been a lending officer at First National Bank of Topeka for 14 years and have had many opportunities to review loan requests for mobile home financing. One of the requirements of every loan request is the customer's ability to afford an adequate down payment. Declining a request because of insufficient down payment can be partially attributed to sales tax assessed at the time of purchase.

Let's assume a customer wishes to purchase a mobile home at a price of \$20,000. That's probably the average cost of a new mobile home today. Most financial institutions require a minimum of 10% of purchase price as a downpayment ... in this instance, \$2,000. On top of that, add the sales tax of \$800, and you begin to restrict buyers.

Most mobile home customers are first time home buyers, young couples or lower income applicants. They normally do not have a great deal to put down, but still would like to own their own home. Unlike automobiles there's generally not an older model to trade-in on a newer one ... it is a matter of coming up with the dollars. Adding sales tax to the down payment at the time of purchase now increases the requirement 40% and could go as high as 50% with new legislation. That's a substantial burden that many simply can't afford. In addition, mobile home dealers lose customers who would otherwise have the down payment requirement to purchase a home if it weren't for sales tax.

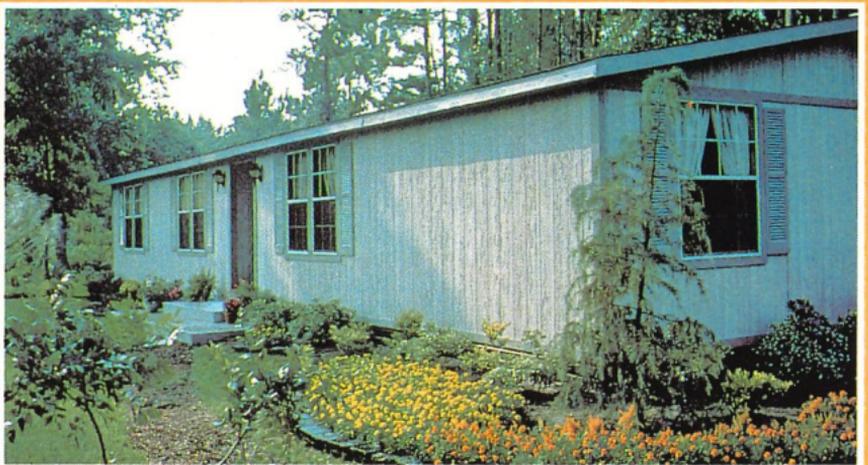
On behalf of an industry whose purpose is to provide affordable, liveable housing to the many thousands of Kansans across the state, I respectfully request your support for Senate Bill #152.

MG/gcc

1984



## About the Manufactured Housing Industry



MANUFACTURED HOUSING INSTITUTE

1745 Jefferson Davis Highway, Suite 511  
Arlington, Virginia 22202 (703)979-6620

# Manufactured Housing Industry

## Definitions

A **Manufactured Home**\* is a structure, transportable in one or more sections, which, in the traveling mode, is eight body feet or more in width or forty body feet or more in length, or, when erected on site, is 320 or more square feet. It is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities. The manufactured home includes the plumbing, heating, air conditioning, and electrical systems. All manufactured homes built since June 15, 1976 must be built to the National Manufactured Home Construction and Safety Standards.

A **Modular Home** is built in two or more sections in a factory and includes the plumbing, heating, and electrical systems. The difference between a modular home and a manufactured is that a modular home is built to comply with a construction code other than the National Manufactured Home Construction and Safety Standards.

Manufactured and modular homes are transported to their sites by trucks whose movements and tariffs are controlled by state highway regulations and, where applicable, the Interstate Commerce Commission.

## General Features

**Furnishings:** Many new manufactured homes are sold fully furnished with major appliances, furniture, draperies, lamps and carpeting included in the purchase price. Optional features, such as air conditioning, automatic garbage disposals, trash compactors, and central vacuuming systems, are also available. The home is centrally heated by gas, oil or electric furnace. Buyers have a choice of color and style in selecting furnishings. If a buyer prefers, the home can be purchased without some (or any) of the general furnishings.

\*In the 1980 Housing Act, the U.S. Congress mandated that the term mobile home be changed to manufactured home in all federal laws and literature.



## Manufactured Home Trends

Manufactured Home:	Length	Width	Percent of Total Shipments							
			1976	1977 <sup>1</sup>	1978	1979	1980	1981	1982	1983
Single-Section .....	60' to 75'	12' to 14'	73%	70%	69%	70%	71%	76%	79%	73%
Multi-Section .....	50' to 70'	24' to 28'	27%	30%	31%	30%	29%	24%	21%	27%
			100%	100%	100%	100%	100%	100%	100%	100%

Type of Home:	1981		1982		1983	
	Retail Price	Average Price	Retail Price	Average Price	Retail Price	Average Price
Single-Section .....	\$ 7,500 to \$28,000	\$16,700	\$ 7,500 to \$30,000	\$17,200	\$ 8,000 to \$35,000	\$17,600
Multi-Section .....	\$15,000 to \$55,000	\$29,200	\$15,000 to \$60,000	\$28,400	\$15,000 to \$65,000	\$30,500

## Cost and Size Comparisons of Manufactured Homes and Site-Built Homes Sold\*

Manufactured Homes	1978	1979	1980	1981	1982	1983
Average Sales Price <sup>2*</sup> (All Lengths & Widths) .....	\$15,900	\$17,600	\$19,800	\$19,900	\$19,700	\$21,000
Cost Per Square Foot* .....	\$15.74	\$16.76	\$18.85	\$19.13	\$19.22	\$20.29
Average Square Footage .....	1,010sq. ft.	1,050sq. ft.	1,050sq. ft.	1,040sq. ft.	1,025sq. ft.	1,035sq. ft.
Site-Built Homes	1978	1979	1980	1981	1982	1983
Average Sales Price† .....	\$62,500	\$71,800	\$76,400	\$83,000	\$83,900	\$89,800
Cost Per Square Foot‡ .....	\$28.49	\$32.64	\$35.13	\$38.60	\$39.25	\$41.64
Average Square Footage .....	1,755sq. ft.	1,760sq. ft.	1,740sq. ft.	1,720sq. ft.	1,710sq. ft.	1,725sq. ft.

<sup>1</sup>The source for statistical data on manufactured homes changed between 1976 and 1977. The change in data source has resulted in a lack of consistency between years; however, the consistency exceptions are not considered to be material to most readers.

<sup>2</sup>U.S. Commerce Department reports 1983 average sales price ranges from \$19,700 to \$27,000 depending on geographic region.

\*Includes furniture, draperies, carpeting and appliances but excludes land as well as costs of steps, foundation siding, anchoring, and any other applicable set-up charges (approximately 15% of home cost).

†excludes all furnishings; includes land

‡excludes furnishings, appliances, and land

**Design:** Manufactured homes are available with spacious living rooms; dining rooms, or dining areas; modern fully equipped kitchens; one or more bathrooms; one, two, or more bedrooms; custom designed cabinetry; and large closets. Family rooms and utility rooms are not uncommon. Exterior and interior designs include contemporary or traditional styles to suit the taste of the individual buyer.

## Buyer Protection—Standards

All manufactured homes built after June 15, 1976 for sale in the United States must be constructed to meet the National Manufactured Home Construction and Safety Standards Act of 1974 established and enforced by the Department of Housing and Urban Development (HUD).

The HUD Code regulates manufactured home design and construction, strength and durability, fire resistance and energy efficiency as well as the installation and performance of heating, plumbing, air conditioning, thermal and electrical systems. Every home built after June 15, 1976 must bear a seal indicating that it was built to HUD standards.

Prior to June 15, 1976, 46 states required compliance with the mobile home standard established by the National Fire Protection Association (NFPA) and the American National Standards Institute (ANSI) A1 19.1/NFPA501B. All members of the Manufactured Housing Institute (MHI) were required to build to the ANSI/NFPA standard from the time MHI was established, well over a decade ago, until the federal standards became mandatory.

# Manufactured Housing Industry

## Manufacturers

There are approximately 185 companies building manufactured homes in about 410 factory sites throughout the United States. In 1983, manufactured home sales amounted to more than \$6 billion dollars. Approximately 70% of the nation's manufactured homes are produced by members of the Manufactured Housing Institute.

The average manufactured home plant has 64,000 square feet. It takes about 250 man-hours to build a manufactured home.

## Retailers

There are now approximately 10,000 manufactured home retailers in the United States.

Most manufactured homes are purchased from the retailer or dealer. The purchase price generally includes transportation to and set-up at the buyer's site. Retailers generally can arrange for customer financing and insurance at competitive prices.

## Suppliers

Suppliers to the manufactured home industry have discovered a market that utilizes more than \$3 billion in materials, supplies, and services.

Recognition of the manufactured home as an integral part of the housing market has stimulated an influx of supplier companies into the industry over the past few years. These companies include product suppliers as well as such service suppliers as land developers, financial institutions, service after-market distributors, regional suppliers, and insurance companies. These firms provide a united force striving for a common goal, the consistent betterment of their products through innovation and technology to benefit both manufacturer and consumer.

The supplier membership of MHI numbers 220.

## Rental Communities

Currently, there are more than 24,000 manufactured home communities. These rental communities have well over 1.8 million home sites. Most rental communities built today have an average of 150 to 175 sites.



## Comparison of Manufactured Home Shipments to Sales of New Single-Family Site-Built Homes

Site-Built Homes* Sold (In Thousands)	All Prices				
	1979	1980	1981	1982	1983
709	545	436	412	623	
Percent of Total ..	72%	71%	64%	63%	68%

Manufactured Homes Shipped (In Thousands)	All Prices				
	1979	1980	1981	1982	1983
277	222	241	239	295	
Percent of Total ..	28%	29%	36%	37%	32%

Total New (In Thousands)	1979	1980	1981	1982	1983
986	767	677	651	918	

Site-Built Homes* Sold (In Thousands)	Under \$50,000 Price Range				
	1979	1980	1981	1982	1983
184	137	88	67	65	
Percent of Total ..	40%	38%	27%	22%	18%

Manufactured Homes Shipped (In Thousands)	Under \$50,000 Price Range				
	1979	1980	1981	1982	1983
277	222	241	239	295	
Percent of Total ..	60%	62%	73%	78%	82%

Total New (In Thousands)	1979	1980	1981	1982	1983
461	359	329	305	360	

\*U.S. Department of Commerce, Bureau of Census Data Conventional Homes, C25 Construction Reports

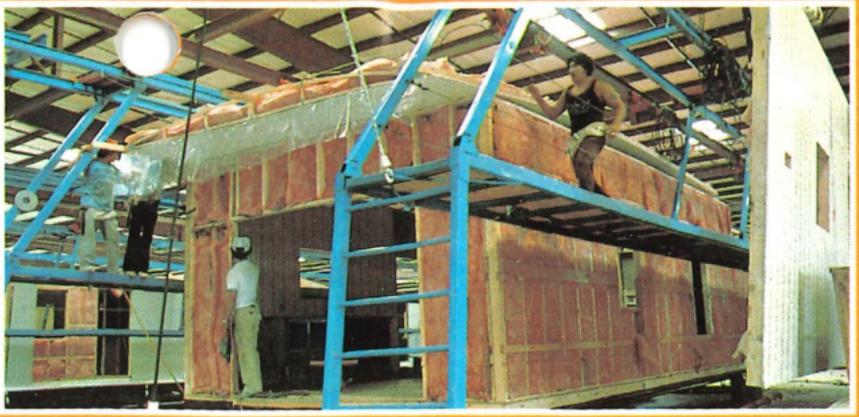
## Comparison of Manufactured Home Shipments to Privately Owned Site-Built Housing Starts

Site-Built Homes (In Thousands)	1979	1980	1981	1982	1983
	1,745	1,292	1,084	1,062	1,703
Percent of Total	86%	85%	82%	82%	85%

Manufactured Homes (In Thousands)	1979	1980	1981	1982	1983
	277	222	241	239	295
Percent of Total	14%	15%	18%	18%	15%

Total New (In Thousands)	1979	1980	1981	1982	1983
2,022	1,514	1,325	1,301	1,998	

Source: U.S. Department of Commerce, Bureau of Census Housing Starts, C20 Construction Reports



## Industry Potential

Manufactured homes now dominate the affordable new home market under \$50,000. The demand for higher quality and larger manufactured homes, particularly multi-section homes, is growing. In 1983, multi-section homes accounted for 27% of manufactured home sales. It is estimated that approximately 315,000 homes will be built in 1984. The industry is expected to build nearly 350,000 in 1985.

The future of the manufactured home industry appears to be strong in three areas:

**Single-Site Occupancy.** About 54% of manufactured homes are placed on individually owned property, in rural or small-town locations. As the need for affordable housing continues to grow, and as the manufactured home more closely resembles a site-built home in appearance and financing terms, it is expected that local community demands will bring about a change in zoning and planning attitudes which will be more favorable to the manufactured home. The trend toward selling manufactured homes in combination with land, where the home is attached to a permanent foundation with permanent utility hookups, continues. As this trend increases, the industry can expect an even stronger upswing.

**Manufactured Home Communities.** The traditional manufactured home rental community with its amenities for the use of the tenants is a very successful pioneering effort in what the planners today call the Planned Unit Development (PUD). As manufactured housing continues to gain in importance in the nation's housing market, other types of land development will become more popular with both developers and consumers. While it is still common for the home owner to purchase a home and then rent a lot and facilities, many home buyers are purchasing and locating their manufactured homes in subdivisions, cooperative ownership and condominium developments.

**Urban Housing.** Manufactured homes are also being placed in scattered lots within cities and towns as part of urban infill projects.

The capability also exists for townhouses, rowhouses, duplexes—even highrise buildings—built from manufactured units or “modules.” While this has been done to some degree, the full potential of the production economies and speed possible with manufactured home construction will not be realized until federal and local building codes and union restrictions are modified to recognize manufactured housing practicality, efficiency and affordability.

# Manufactured Housing Developments

Land development has always been an essential element of the manufactured housing industry. The industry pioneered the use of innovative concepts in land planning and community development. Both local and federal government agencies are developing zoning ordinances and environmental standards that help create manufactured housing developments which are a credit to the community, compatible with the surrounding area, and a pleasure to the home owner.

Traditionally, the rental community has dominated the industry's land use practices. Bureau of the Census information in 1981 shows 46% of occupied manufactured homes are located in manufactured home communities; 54% are located on individual sites. Lot rentals range from \$50 to \$300 per month, with the greater percentage renting for between \$80 to \$150 per month. Generally, the quality of the community and the amenities provided determine the amount of rent charged, but other factors, such as location and the availability or lack of competing communities, may also have an effect. The modern manufactured housing community provides paved sidewalks and streets, underground utilities, off-street parking and adequate street lighting, as well as green areas, playgrounds and other recreational facilities.

Developers of manufactured housing communities have continued their efforts to meet the growing demand for attractive, affordable homes. The average per-site development cost, exclusive of land, varies considerably with the facilities and amenities that are provided.

More and more lenders are recognizing the feasibility of manufactured home communities and are entering this field as suppliers of development as well as long-term mortgage funds. Under its 207 section, FHA can insure loans on new manufactured home rental developments and for rehabilitating existing communities for up to 90% of FHA's appraised values. Although there is no dollar limitation on the amount of the loan, the per-site limitation is \$9,000 with up to a 75% increase permitted in high-cost areas.

The demand for affordable housing has started a trend toward the elimination of barriers, generally in the form of zoning laws, building codes, and public misconceptions, that prohibit the location of manufactured homes in many neighborhoods. In some areas, public officials are attempting to overcome these barriers to make the full potential of affordable manufactured housing available to the general public. This trend provides a bright future for the industry and home buyer alike.

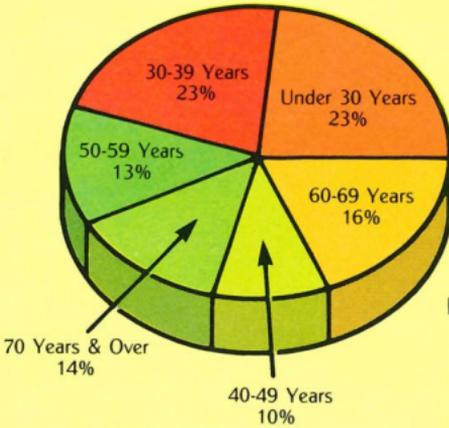
# Home Owner Trends

According to 1981 Bureau of the Census data, approximately 8.5 million people live in manufactured homes.<sup>1</sup>

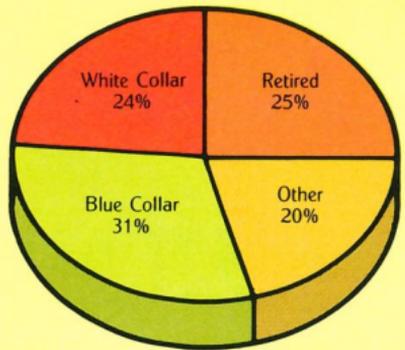
A nationwide survey of more than 9,000 residents of manufactured homes, published in 1982 by Foremost Insurance Company, found that people purchasing manufactured homes in the 1980s are not only younger, more affluent and better educated than purchasers a few years ago but also more likely to work in white collar jobs. The survey found the median household income level of new manufactured home buyers is \$16,881, slightly higher than the U.S. median income of \$16,830.

The following represent some key findings of the Foremost survey.

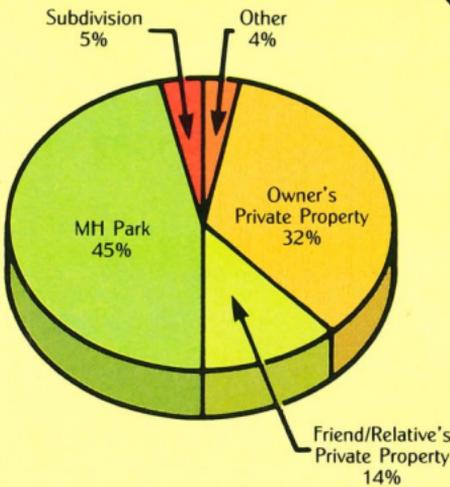
**Age of Household Head**  
Percent Distribution



**Head of Household Occupation**  
1982 MH Owners



**Location of Manufactured Homes**  
Percent Distribution



<sup>1</sup>As a result of federal budget cutbacks, the U.S. Department of Commerce Bureau of the Census annual housing survey will only be done every other year. Preliminary data from the 1983 Housing Survey will not be available until Fall 1984.

# FHA and VA Financing

## New Manufactured Homes

	VA*	FHA**
<input type="checkbox"/> Single-Section Term	No Maximum 20 years	\$40,500 20 years
<input type="checkbox"/> Multi-Section Term	No Maximum 23 years	\$40,500 20 years
<input type="checkbox"/> Maximum Guarantee	20,000 or 50% of loan amount, whichever is less	See maximum loan amounts above.
<input type="checkbox"/> Furniture	Included	Included
<input type="checkbox"/> Rate Ceiling <sup>1</sup>	16%	Negotiable
<input type="checkbox"/> Down Payment	None required	5% of first \$3,000; 10% over \$3,000

## Used Manufactured Homes

<input type="checkbox"/> Single- and Multi-Section	Same as new mobile homes subject to VA's determination of reasonable value and estimated remaining physical life	90% of appraised value of a used mobile home if the home was previously financed using FHA loan insurance
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## Manufactured Home Plus Improved Land

<input type="checkbox"/> Single-Section Term	None 20 years	\$54,500 <sup>2</sup> 20 years
<input type="checkbox"/> Multi-Section Term	None 25 years	\$54,500 <sup>2</sup> 25 years
<input type="checkbox"/> Rate Ceiling <sup>1</sup>	15.5%	Negotiable
<input type="checkbox"/> Down Payment	None required	5% of first \$10,000; 10% over \$10,000

## Manufactured Home Lots

<input type="checkbox"/> Developed term	None 15 years	\$13,500 <sup>2</sup> 15 years
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<sup>1</sup>VA interest rates are subject to periodic adjustments.

<sup>2</sup>With adjustments available in high-cost areas

\*Although legislation making manufactured homes eligible for VA guaranty 30-year mortgage financing was signed into law in March 1984, the program will not be available until late Fall 1984. The FHA's 30-year mortgage insurance program for manufactured home real estate has been in effect since April 1983. Both programs are essentially identical to the FHA and VA single-family mortgage programs.

\*\*NOTE: At the time of publication, the Department of Housing and Urban Development had proposed new regulations for its manufactured home Title I program which is described above. The proposed regulations would change down payment requirements (making them generally lower) and authorize the FHA to insure loans on used manufactured homes that were not previously financed using FHA loan insurance. These proposed regulations will not take effect until late 1984 or early 1985.

## Financing

The most common method of financing manufactured homes is through a chattel mortgage loan. The loan agreement originates through the sales agent (the retailer) or is arranged by the home buyer directly with a financial institution.

All financial institutions can make manufactured home loans either directly to the home buyer or indirectly through the retail dealer. Manufactured home financing, like other types of financing, is subject to federal "truth-in-lending" regulations. The customer must be told the annual percentage rate (APR) of interest being charged.

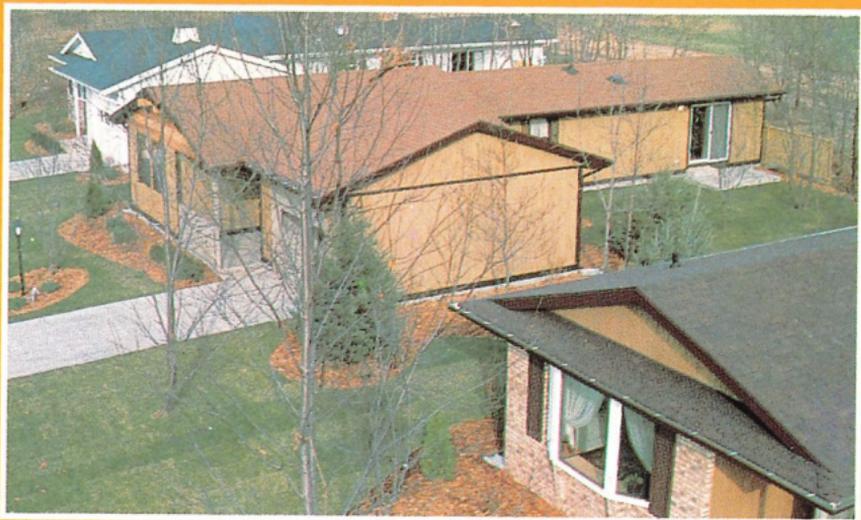
In those areas of the nation where multi-section homes have become a more significant factor, and especially where the land is also being purchased and financed, some financial institutions have extended terms and set rates which resemble more closely the conventional mortgage associated with site-built housing.

Down payments on manufactured home loans range from no down payment under VA regulations to 25% and more under other financing programs. The most common down payments range from 16 to 20%. Loan terms may range up to 30 years depending on the type of home and financing, although average terms range from 11 to 14 years.

Manufactured homes placed on permanent foundations and sold with land as real estate are eligible for FHA and VA long-term real estate financing with the same maturities and interest rates as site-built homes. The VA and FHA also have personal property loan programs for manufactured homes.

FHA and VA insured loans can be pooled by lenders and sold under the mortgage-backed securities program of the Government National Mortgage Association. In addition, both the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation now include manufactured home real estate in their secondary market programs. There are also some private pass-through securities markets developing for manufactured home retail paper.

Loans can also be guaranteed through a number of privately operated mortgage guarantee companies, thus relieving the lending institution of the normal loan risks.



## Annual Manufactured Home Shipments

Year	Manufacturers' Shipments to Retailers in U.S.	Estimated Retail Sales
1983	295,079	\$6,197,000,000
1982	238,808	\$4,705,000,000
1981	240,907	\$4,794,000,000
1980	221,616	\$4,388,000,000
1979	277,372	\$4,882,000,000
1978	275,871	\$4,386,000,000
1977	267,289	\$3,796,000,000
1976	246,120	\$3,027,276,000
1975	212,690	\$2,254,514,000
1974	329,300	\$3,062,490,000
1973	566,920	\$4,406,382,000
1972	575,940	\$4,002,783,000
1971	496,570	\$3,297,225,000
1970	401,190	\$2,451,271,000
1969	412,690	\$2,496,775,000
1968	317,950	\$1,907,770,000
1967	240,360	\$1,370,052,000
1966	217,300	\$1,238,610,000
1965	216,470	\$1,212,232,000
1964	191,320	\$1,071,392,000
1963	150,840	\$ 862,064,000
1962	118,000	\$ 661,000,000
1961	90,200	\$ 505,000,000
1960	103,700	\$ 518,000,000

## Manufactured Housing Institute

The Manufactured Housing Institute (MHI) is a nonprofit trade association whose membership is composed of manufacturers and suppliers engaged in producing and servicing manufactured homes.

MHI is headquartered in the Washington, D.C. area where its primary function of representing the industry before the federal government can be most effective. MHI is engaged in daily activities with both the Congress and federal agencies to promote and protect the interests of the manufactured housing industry and its consumers.

Through monthly statistical reports, MHI apprises its members of current industry status. MHI's technical activities program assists members in making the manufactured home a safe and comfortable residence.

The Institute maintains a public relations program aimed at keeping potential and present owners aware of the benefits of manufactured home living and providing information about the industry.

In addition, MHI sponsors several annual expositions and forums enabling segments of the industry to meet mutual needs in their efforts to provide affordable and quality housing for the nation.

TESTIMONY BEFORE THE SENATE ASSESSMENT AND TAXATION COMMITTEE

BY

KAREN MCCLAIN

KANSAS ASSOCIATION OF REALTORS®

SENATE BILL 152

MY NAME IS KAREN MCCLAIN, AND I AM THE DIRECTOR OF GOVERNMENTAL AFFAIRS FOR THE KANSAS ASSOCIATION OF REALTORS®. I AM HERE TODAY TO SPEAK TO YOU IN OPPOSITION TO SENATE BILL 152.

SB 152 WOULD HAVE YOU EXEMPT FROM SALES TAX OBLIGATIONS, FIRST, ALL SALES OF USED MOBILE HOMES AND, SECOND, ALL SALES OF NEW MOBILE HOMES TO THE EXTENT OF 50% OF THE GROSS RECEIPTS RECEIVED FROM SUCH SALE.

IT SEEMS TO ME THAT THE PROPOSAL BEFORE YOU CREATES GREAT CONFUSION IN LIGHT OF EXISTING LAW. I REFER YOU TO THE STATUTE CITED TO YOU IN LINE 300 AND AGAIN IN LINE 306. THAT STATUTE IS K.S.A. 75-1226. I THINK STAFF MIGHT WANT TO CHECK THAT STATUTE CITATION, BECAUSE THERE IS NO DEFINITION OF MOBIL HOME IN THAT STATUTE. I THINK THE APPROPRIATE DEFINITION FOR THE MOBILE HOME AND RECREATIONAL VEHICLE CODE FOR THE STATE OF KANSAS IS K.S.A. 75-1212 AND IT PROVIDES SEVERAL DEFINITIONS, ONE OF WHICH IS THE DEFINITION OF WHAT A MOBIL HOME IS. LET ME READ TO YOU WHAT THAT STATUTE SAYS:

"Mobil home" means a factory built structure or structures more than eight feet in width or more than thirty-six feet in length, equipped with the necessary service connections and made so as to be readily movable as a unit or units on its or their own running gear and designed to be used as a dwelling unit or units without a permanent foundation. The phrase "without a permanent foundation" indicates that the support system is constructed with the intent that the mobile home placed thereon may be moved from time to time at the convenience of the owner."

NOW, THE PROPONENTS OF THIS BILL HAVE REQUESTED THAT YOU TREAT MOBIL HOMES THE SAME AS OTHER HOMES, WHICH ARE NOT SUBJECT TO SALES TAX WHEN THEY ARE SOLD A SECOND TIME, AND WHICH ARE NOT TAXED WITH A SALES TAX ON THE INITIAL SALE. THEY HAVE ASKED YOU BASICALLY, TO DROP THE "MOBIL" FROM "MOBIL HOME" WHEN IT COMES TO TAXING PURPOSES, BECAUSE THERE IS REALLY NO DIFFERENCE BETWEEN A MOBIL HOME AND A HOUSE. YOU HAVE HEARD THE SAYING, "A HOUSE DOES NOT A HOME MAKE." PERHAPS THAT IS WHAT THE PROPONENTS OF THIS BILL ARE REALLY SAYING.

HOWEVER, IN LAW SCHOOL, I REMEMBER LAW PROFESSOR AFTER LAW PROFESSOR SAYING THAT SUBSTANCE RULES OVER FORM, MEANING THAT, NO MATTER WHAT YOU CALL SOMETHING, IT IS, IN FACT, WHAT IT IS. YOU MAY CALL A MOBIL HOME A HOUSE AND TREAT IT THE SAME WAY YOU WOULD TREAT A HOUSE MADE OF WOOD, SITTING ON A FOUNDATION. HOWEVER IT IS STILL A MOBIL HOME AND MADE "SO AS TO BE READILY MOVABLE AS A UNIT OR UNITS ON ITS OR THEIR OWN RUNNING GEAR AND DESIGNED TO BE USED AS A DWELLING UNIT OR UNITS WITHOUT A PERMANENT FOUNDATION."

YES, ON FIRST LOOK, THEY MAY BE DESCRIBED AS A HOUSE. AFTER ALL, PEOPLE, PERHAPS FAMILIES, LIVE THERE. IT HAS BATHROOMS, A KITCHEN, BEDROOMS, A LIVING ROOM, MAYBE EVEN A FIREPLACE. BUT, IF YOU LOOK AT IT, OR PERHAPS I SHOULD SAY LOOK UNDER IT THERE IS ONE BIG DIFFERENCE--A DIFFERENCE POINTED OUT BY THE VERY DEFINITION OF MOBIL HOMES--"THE SUPPORT SYSTEM IS CONSTRUCTED WITH THE INTENT THAT THE MOBILE HOME PLACED THEREON MAY BE MOVED FROM TIME TO TIME AT THE CONVENIENCE OF THE OWNER." HOW MANY OF YOU HERE WHO LIVE IN A HOUSE CAN MOVE YOUR HOME FROM TIME TO TIME AT YOUR CONVENIENCE.

NOW, I HAVE NO PROBLEM WITH TREATING "MOBIL HOMES" THAT ARE AFFIXED WITH A PERMANENT FOUNDATION AS YOU WOULD A REGULAR HOUSE FOR TAX PURPOSES. SUCH A HOME WOULD NO LONGER FIT UNDER THE DEFINITION PROVIDED BY STATUTE. THEY CAN BE TREATED IN THE SAME WAY AS A REGULAR HOUSE, BECAUSE THEY ARE NOT MOBIL, THEY ARE AFFIXED.

MOBIL HOMES ARE TREATED DIFFERENTLY THAN HOUSES THROUGHOUT OUR STATE LAWS. K.S.A. 8-2403 REQUIRES A PERSON WHO SELLS MOBIL HOMES TO HAVE A SPECIAL LICENSE TO DO SO. K.S.A. 75-1218 ESTABLISHES SPECIAL INSPECTION RULES FOR MOBIL HOMES, WHICH, IF THE QUALIFICATIONS ARE MET EXEMPTS THEM FROM THE MUNICIPAL BUILDING, PLUMBING, HEATING, OR ELECTRICAL CODES WHICH APPLY TO HOUSES.

I SUGGEST TO THE COMMITTEE THAT IF YOU ARE GOING TO INSERT SUBSECTIONS "DD" AND "EE" INTO THE LIST OF SALES TAX EXEMPTIONS, AND BEGIN TREATING MOBIL HOMES THE SAME AS A HOUSE, YOU WILL BE FACED WITH TWO CONSEQUENCES. ONE, THE STATE WILL LOSE REVENUE IN AMOUNTS OF \$800,000 and \$1,000,000 SALES TAX INCOME. AND SECOND, YOU WILL ALSO HAVE TO BEGIN CHANGING THE LANGUAGE OF OTHER STATUTES WHICH DEAL SPECIFICALLY AND DIFFERENTLY WITH MOBIL HOMES. THE FIRST STATUTE YOU WILL HAVE TO CHANGE IS THE DEFINITION OF MOBIL HOME WHICH I READ TO YOU.

ACCORDINGLY, I URGE THAT THIS COMMITTEE NOT PASS THIS BILL OUT FAVORABLY.

THANK YOU.