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TO: Representative Richard Carlson, Chairman
and Members of the House Taxation Committee

FROM: Martha Neu Smith, Executive Director
Kansas Manufactured Housing Association

DATE: March 15, 2012

RE: HB 2763 – Concerning taxation; enacting the Kansas economic freedom act of 2014;
eliminating income and sales taxes; imposing a consumption tax; providing certain duties
and requirements on retailers and providers and the department of revenue; exemptions;
consumption allowance; creating the consumption tax transition committee

Chairman Carlson and Members of the House Taxation Committee, my name is Martha Neu Smith and I am the executive director of the Kansas Manufactured Housing Association (KMHA). KMHA is a statewide trade association representing all facets of the manufactured housing industry (manufacturers, retail centers, manufactured home community owners and operators, service and supplier companies, finance and insurance companies and transport companies) and I appreciate the opportunity to provide written comments opposing the applying of a new consumption tax that would tax manufactured housing differently then site built housing.

As I understand HB 2763, would tax manufactured housing differently then site built housing. The new consumption tax exempts the sale of new or used residential or commercial real estate (pg 4, line 7-8); however, there is no such exception for the sale of new or used manufactured housing.

Under HB 2763, when a family buys a pre-owned site built home consumption tax is not paid on that purchase, however when a family buys a pre-owned manufactured home they would be charged a consumption tax. HB 2763 treats manufactured home buyers unfairly compared to other homebuyers. The same unequal treatment is applied to the purchase of a new manufactured home compared to the purchase of a new site built home; a consumption tax would apply to the new manufactured home purchase but not apply to the purchase of a new site built home.

The Kansas Legislature has recognized that manufactured housing provides quality affordable housing. Our homebuyers are often first time homebuyers, empty nesters and single parent families; either at the beginning of their earning career; or at the end and are now retired and on a fixed income or trying to support a family on a very limited income. In 2009, the Federal Reserve Board noted that 74.8 percent of all loans secured by a manufactured home were \$75,000 or less. Clearly this group of homebuyers cannot afford to bare a larger tax burden; but under this proposal manufactured home buyers will pay 5.7% on the purchase price of their new or used manufactured home just because of where the home was constructed.

In closing, I would ask that you please consider amending HB 2763 to provide equal treatment of all homebuyers regardless if they are purchasing manufactured housing or site built housing. Thank you for your consideration of the Kansas Manufactured Housing Association's opposition to HB 2763 as written.