

FISCAL NOTE TO  
**ASSEMBLY, No. 846**

# STATE OF NEW JERSEY

DATED: July 15, 1996

Assembly Bill No. 846 of 1996 extends the senior citizen's and disabled citizen's \$250 property tax deduction to qualified citizens and their surviving spouses who own manufactured homes, or mobile homes, installed in mobile home parks and who are assessed a municipal service fee by municipal ordinance pursuant to the "Manufactured Home Taxation Act," P.L.1983, c.400 (C.54:4-1.2 et seq.). Under that act, mobile home owners in mobile home parks are not subject to real property taxation and are therefore not eligible to apply for the deduction. They, however, can be assessed a municipal service fee to cover the cost of municipal and local services they receive. Owners of mobile homes not in mobile home parks, whether or not on land owned by the homeowner, are assessed for real property taxes and are eligible for the deduction.

The Office of Legislative Services (OLS) has received information from the Office of Management and Budget (OMB) in the Department of the Treasury in which OMB calculates the annual revenue loss to the State to be approximately \$3 million. OMB noted, however, that any State administrative costs will be absorbed in its current operating budget.

OMB's \$3 million loss estimate is based on its information that there are approximately 34,000 manufactured and mobile home units in approximately 300 mobile home parks in New Jersey. OMB also provided information that the range of municipal service fees is between \$8 and \$40 per month per unit. OMB did not have information on the proportion of senior and disabled citizens living in these mobile home parks, or the number of senior citizens living in these parks with annual incomes of \$10,000 or less. For the purposes of estimating the costs of this bill, OMB assumed that 35 per cent of the total manufactured units in mobile home parks belong to persons eligible under the bill for the \$250 property tax deduction. OMB's calculation of the number of eligible persons equals 11,900 (34,000 x .35), and the total revenue loss is \$2,975,000.

The OLS does not concur with OMB's analysis and calculation. The OLS received from the New Jersey Manufactured Housing Association information based on a ten-year old, annually updated industry survey indicating that currently there are approximately 35,200 mobile or manufactured homes in 300 mobile home parks in New Jersey. The association estimates that approximately 50 per cent of the residents of those mobile or manufactured homes are senior or

disabled citizens (the association bases this estimate on past age restrictions placed on residences in mobile home parks that were imposed for many years prior to laws prohibiting housing discrimination based on age). Therefore, the OLS estimates that approximately 17,600 ( $35,200 \times .50$ ) persons would be eligible to receive the \$250 property tax deduction under this bill, for a maximum revenue loss to the State of approximately \$4,400,000. This \$4 million estimate represents a maximum State revenue loss because an unknown number of municipalities do not impose municipal service fees on mobile homes under the "Manufactured Home Taxation Act," P.L.1983, c.400 (C.54:4-1.2 et seq.), and because an unknown number of senior citizens residing in mobile homes in mobile home parks in New Jersey will have annual incomes in excess of \$10,000, making them ineligible to receive the \$250 property tax deduction provided by this bill.

This fiscal note has been prepared pursuant to P.L.1980, c.67.