



provision that would hold the county clerk harmless if the clerk is provided inaccurate or fraudulent information in the affidavit of severance process.

### **Part III: Fiscal Explanation, Bill Provisions, and Estimated Cost**

**The fiscal impact of HB 270 GA on local government offices is likely to be minimal to moderate.**

The creation of a new document and accompanying documentation that must be recorded and indexed in the county clerks' electronic system could increase recording and indexing system costs of, for example, computer scanning, additional storage, new software and leasing of software rights, and perhaps require additional training of staff. HB 270 GA provides a mandatory fee of \$16 to defray these additional costs. The potential to recover damages or a \$500 fine payable to the county clerk should discourage fraudulent filing of severance affidavits as well as provide a revenue source to the clerk's office, though a small and unpredictable one.

Severing manufactured homes from the real estate could also affect city and county property values and tax revenues. While a mobile home not held for re-sale by a dealer is taxed as real property whether it has been converted to real property or not, mobile homes not attached to real estate tend to lose value more quickly than when attached to real estate and so would reduce the assessed value to be taxed by the county or city. The impact on local tax revenue would depend on how many converted manufactured homes are located in the jurisdiction, and how many property owners choose to sever the manufactured home from the real estate.

It seems likely that the greater the number of manufactured homes in a jurisdiction the greater the potential fiscal impact of the bill. In Leslie County, Kentucky, population 11,019 and 404 sq. mi. in area, there are currently 133 manufactured homes converted to real estate; in Pike County, population 63,000 and 789 sq. mi. in area, from 2001 to 2016 approximately 604 manufactured homes were converted to real estate. Lowered property values and reduced property tax revenue would also have a fiscal impact on the county sheriff's office. The county sheriff collects the property taxes assessed by the local jurisdiction and retains a portion of the taxes it collects for expenses of running the sheriff's office. Lower property values would reduce the taxes collected by the sheriff and so reduce the amount of revenue available to defray office expenses.

**Data Sources:** National Archives, *Analysis of Costs and Benefits for ERM/ERK* [electronic records management/electronic recordkeeping] *Projects*; Kentucky County Clerks Association; county clerks; Kentucky Revised Statutes

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