Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 1149
Bill #: HB 132
Document ID #: 1723
Bill Subject/Title: AN ACT relating to the ad valorem taxation of prefabricated home inventories.
Sponsor: Representative Chris Freeland
Unit of Government: x City x County x Urban-County Unified Local x Charter County x Consolidated Local x Government
Office(s) Impacted: County Clerks and Property Valuation Administrator
Requirement: Mandatory Optional
Effect on Powers & Duties: Modifies Existing Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

HB 132 defines prefabricated homes to include, mobile homes, manufactured homes, and modular homes. It also exempts prefabricated homes held for sale in a manufacturer's or retailer's inventory from local property taxes. The exempted homes include those which are assessed for property tax purposes on or after January 1, 2023.

The local property tax revenues generated from taxing prefabricated home inventories are not tracked, but the Department of Revenue was able to provide a very rough estimation for 2019 of approximately \$442,000 and for 2020 of approximately \$472,000. Using this rough estimation, the fiscal impact of HB 132 is expected to be a loss of at least \$472,000 in local property tax revenues. As seen from this limited data, revenue generated from prefabricated mobile home inventories increased from one year to the next. Therefore, it is likely that the net loss in revenue will be more than \$472,000 for the January 1, 2023, assessment date and future years.

Overall, the data needed to accurately calculate the local fiscal impact of HB 132 is not available, but the fiscal impact is expected to be negative and greater than \$472,000.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II, above, pertains to the bill as introduced.

Data Source(s): <u>LRC Staff</u>

Preparer: Cynthia Brown **Reviewer:** KHC **Date:** 2/8/22