

**SUBJECT:** Changing tax-lien procedures for manufactured homes

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 8 ayes — Oliveira, McCall, Hartnett, Bonnen, Y. Davis, Heflin, Ramsay, Ritter

0 nays

3 absent — Craddick, Hilbert, Keffer

**WITNESSES:** For — Mark Burroughs; Mary Horn, Tax Assessor-Collectors Association of Texas; *On committee substitute:* Donald Lee, Texas Conference of Urban Counties

Against — None

On — Joe A. Garcia, Texas Department of Housing and Community Affairs; Sam Russell, Texas Manufactured Housing Association; Lawrance R. Smith, Texas Department of Transportation

**BACKGROUND:** The Manufactured Housing Standards Act requires the Texas Department of Housing and Community Affairs (TDHCA) to issue titles for manufactured homes. Tax Code, sec. 32.015 requires TDHCA to process delinquent tax-lien notices issued for manufactured homes by county tax assessor-collectors. The Transportation Code requires the Texas Department of Transportation (TxDOT) to issue permits for the movement of manufactured homes.

**DIGEST:** CSHB 468 would end the practice of tax assessor-collectors having to file notice of tax liens on manufactured homes with TDHCA by September 1 of each tax year and of TDHCA having to record the liens. Liens filed before September 1, 2001, however, would remain valid. After that date, tax liens on manufactured homes would be enforced under the current law governing personal property-tax liens.

Chief appraisers would have to produce on demand written statements as to the tax status of manufactured homes located in their appraisal districts. Requests would have to be in writing and signed, provide sufficient address information, and include a return mailing address. Appraisers would have five business days to contact applicable taxing entities, if necessary, about whether any back taxes were due on the home in question and to issue the statements. Evidence regarding tax liability would include tax certificates, tax bills (including copies), or written statements. If taxes were unpaid, the statements would have to include the amounts due each taxing entity and the collector's name and address. If taxing entities did not report any unpaid taxes to appraisers within the specified five-day period, the written statements would have to indicate that fact.

Charges for the statements could not exceed \$10 each. Appraisers could contract with county assessor-collectors to issue the statements.

Applications for permits issued by TxDOT to move manufactured homes from sites other than those of the manufacturers or retailers would have to be accompanied by the written tax-status statements from chief appraisers in the counties where the homes were located. The statements would have to state that no unpaid ad valorem taxes had been reported on the homes being moved by any taxing unit for which the districts appraised property. If homes were not listed on the most recent appraisal rolls, applications would have to be accompanied either by evidence showing that the homes were moved into the county after January 1 of the current year or by appraisal district certificates stating that the homes had been listed in districts' supplemental appraisal records.

Back taxes, penalties, and interest owed for tax years before 2001 would be collectible only if liens were accompanied by correct data required under Tax Code, sec. 32.015 (i.e., serial numbers or other identification). Purchasers or lienholders would not have to pay taxes for 2001 or subsequent tax years if chief appraisers issued written statements in connection with transport permits that applicable taxing entities had reported no unpaid taxes.

CSHB 468 would make moving a manufactured home over a public roadway without a TxDOT permit a misdemeanor punishable by a \$500 fine.

This bill would take effect September 1, 2001.

**SUPPORTERS  
SAY:**

CSHB 468 would bring much-needed streamlining and stronger enforcement to the process of dealing with delinquent ad valorem taxes on manufactured homes.

TDHCA annually processes about 75,000 notices of delinquent tax liens that must be filed by local tax assessor-collectors to maintain enforceability. TDHCA officials estimate that these notices apply to between 30,000 and 40,000 manufactured homes. These notices require assessor-collectors to engage in time-consuming and sometimes hazardous collection of manufactured-home serial and other identification numbers. They also must file notices when the liens have been satisfied. As a practical matter, given the industry's growth and the homes' popularity, this process has little, if any, deterrent effect on tax evasion, nor does it enhance tax collection. In some counties, manufactured homes comprise a majority of delinquent tax accounts. Given their increase in price and quality in recent years, tax delinquency represents a significant source of lost revenue.

CSHB 468 would shift responsibility for information about tax status to the most logical place, the central appraisal district. Having a home's tax liability data available within five days of request would help prevent buyers from being surprised by back tax bills not disclosed by unscrupulous sellers or dealers and would help avoid seizure or repossession.

To reduce the temptation to move a home to avoid tax payments, CSHB 468 would link homeowners' tax status to their ability to move their homes legally. Unlike current practice, they could not obtain the requisite TxDOT transport permit without proving that their taxes were paid or risking a \$500 fine. Currently, assessor-collectors often have no property to seize for non-payment of taxes because they cannot locate it. This change would allow appraisers and assessor-collectors to better track tax-delinquent owners of manufactured housing and encourage tax payment.

**OPPONENTS  
SAY:**

CSHB would not significantly reduce tax evasion by owners of manufactured homes. If members of this group of taxpayers are ignoring tax notices, they are not likely to buy transport permits either. Law enforcement has neither the time, incentive, nor the manpower to pursue mobile tax cheats.

CSHB 468 simply would shift paperwork from assessor-collectors to chief appraisers. It would create a heavy burden for small appraisal districts that do not contract to collect taxes for taxing entities or that are not technologically sophisticated. This especially could create administrative problems during the tax-equalization hearing season in early summer.

The legal validity of the written tax-status statements the bill would require is dubious. Reporting problems during the narrow five-day turnaround time could produce misleading statements indicating no tax liability when, in fact, back taxes were owed. Manufactured home owners might find themselves relying on documents with weak or no legal standing if they were sued later for delinquent taxes. They also might be found liable for criminal fines if the statements were held invalid for purposes of transport permits.

OTHER  
OPPONENTS  
SAY:

As an incentive to apprehend tax evaders, local law enforcement and/or courts should be allowed to keep at least some of the fine revenue generated by citations or arrests for moving manufactured homes without permits.

NOTES:

The bill as filed did not include the provision that would absolve a purchaser or lienholder from paying 2001 taxes owed on a manufactured home if the chief appraiser issued a written statement that no taxing entity had reported any delinquent taxes. Nor did the filed version contain the requirement for chief appraisers' written statements on delinquent taxes. It would have required that a TxDOT permit to move a manufactured home be accompanied by a tax statement from all applicable tax assessor-collectors, not the chief appraiser, and it would have appropriated fine revenue collected for non-permitted transporting of a manufactured home to the governmental entities whose law enforcement officers issued citations or made arrests, if any.

A related bill, HB 1869 by Wohlgemuth, would require notice to prospective buyers of manufactured homes before transfer of title that they would be assessed property taxes. It also would classify new manufactured homes

permanently attached to the ground as real property if located outside city limits. HB 1869 was reported favorably as substituted by the House Financial Institutions Committee on March 19.