

State Tax Commission Bulletin No. 16 of 1998
December 28, 1998
\$3.00 / Month Specific Tax on Trailer Coaches

TO: Assessors, Equalization Directors
FROM: State Tax Commission (STC)

RE: \$3.00/MONTH SPECIFIC TAX IN LIEU OF PROPERTY TAXES ON TRAILER COACHES

On October 2, 1998, the Michigan Court of Appeals issued its decision in *Sandy Pines Wilderness Trails, Inc. v Salem Township, Monterey Township, and the State Tax Commission*. This case, hereinafter referred to as the Sandy Pines Case, deals with the \$3.00/month specific tax in lieu of property taxes which, prior to this case, was thought by some to apply only to mobile homes located in licensed mobile home parks. The Court of Appeals has ruled that this is NOT the proper interpretation of the law.

The following directives by the State Tax Commission include consideration of the Court of Appeals ruling in the Sandy Pines Case.

1) The \$3.00/month specific tax in lieu of property taxes shall be collected by every park that is licensed, not just by mobile home parks.

Prior to the Sandy Pines Case, the \$3.00/month specific tax was thought to apply only to licensed mobile home parks. The Court of Appeals has ruled in the Sandy Pines Case that the \$3.00/month specific tax shall be collected by every park that is licensed. This includes licensed seasonable mobile home parks and licensed campgrounds.

The following is the language from Section 41 of the Mobile Home Park Act which provides for the \$3.00/month specific tax in lieu of property taxes:

Sec. 41. Each licensee shall collect and remit a specific tax of \$3.00 per month, or major fraction thereof, per occupied trailer coach, which shall be a tax upon the owners or occupants of each occupied trailer coach, including trailer coaches licensed under the provisions of Act No. 300 of the Public Acts of 1949, as amended, being sections 257.1 to 257.923 of the Compiled Laws of 1948, notwithstanding any provision of Act No. 300 of the Public Acts of 1949, as amended, to the contrary, occupying space within the trailer coach park. The specific tax shall be in lieu of any property tax levied upon the trailer coach pursuant to the provisions of Act No. 206 of the Public Acts of 1893, as amended, being sections 211.1 to 211.157 of the Compiled Laws of 1948, upon or on account of the trailer while located in the trailer coach park. The licensee of a trailer coach park shall not collect a monthly tax for any space occupied by a trailer coach accompanied by an automobile when the trailer coach and automobile bear license plates issued by any state other than this state for an accumulated period not to exceed 90 days in any 12-month period, if all the occupants of the trailer coach with accompanying automobiles are tourists or vacationists. When one or more persons occupying a trailer coach bearing a foreign license are employed or are conducting any manner of business or furnishing any service for gain within this state, there shall be no exemption from the specific tax.

Sec 42. The treasurer of the municipality, in which a trailer coach park is located, shall accept and verify the monthly reports from licensees and collect and disburse the monthly tax payments as provided in this act. The municipal treasurer shall issue a receipt in triplicate for all money collected under this act, the original receipt to be given to the licensee, the duplicate to be retained by the treasurer for municipal records, and the triplicate, together with 50 cents per trailer coach shall be transmitted to the county treasurer, who shall issue a receipt for the amount received and credit the proceeds to the county general fund. The municipal treasurer shall credit the municipal general fund with 50 cents per trailer coach located within the municipality. For taxes transmitted after June 30, 1994, the municipal treasurer shall transmit \$2.00 for each trailer coach parked in the municipality to the state treasury for credit to the state school aid fund established by section 11 of article IX of the state constitution of 1963. Amended by P.A. 1994, No. 365, Section 1, Imd. Eff. Dec. 27, 1994.

Sec. 43. All Remittances of monthly taxes shall be made by the licensee on or before the fifth day of each month for the preceding month. Nothing in this act shall prohibit any licensee from reimbursing himself for the amount of each specific tax which he is obligated to collect and remit by adding to his charges for each parking space in his trailer coach park an amount equal to the specific tax levied hereunder.

2) The \$3.00/month specific tax shall be collected for each occupied trailer coach, not for mobile homes.

Prior to the Sandy Pines Case the \$3.00/month specific tax was thought by some to apply to mobile homes only. The Court of Appeals has ruled in the Sandy Pines case that the \$3.00/month specific tax applies to "occupied trailer coaches" (as stated in section 41 of the Mobile Home Park Act). Section 41 also states that the \$3.00/month specific tax must be paid by the owners or occupants of trailer coaches even though they are licensed under the provisions of the Michigan Vehicle Code.

The Court defines "occupied trailer coach" as an "occupied moveable residence attached to and drawn by some other power source". This definition would seem to include the following:

- a. Park models
- b. Travel trailers
- c. Camping trailers
- d. Fifth wheel trailers

The Court states that the requirement that the trailer coach be occupied is fulfilled by temporary occupation.

While travel trailers, camping trailers, and fifth wheel campers are already exempt from property taxation when licensed under the Michigan Vehicle Code, the Sandy Pines Case indicates that they would also be exempt if they are located in a licensed park and the \$3.00/month specific tax in lieu of property taxes has been paid, **even if they are not licensed under the Michigan Vehicle Code.**

Important Note: While park models may qualify for exemption from ad valorem taxation by the payment of the \$3.00/month specific tax, they are NOT eligible for exemption by licensing under the provisions of the Michigan Vehicle Code. Please see STC Bulletin No. 15 of 1994 for more information.

3) MCL 211.2 states that "The taxable status of persons and real and personal property shall be determined as of each December 31, which shall be deemed the tax day..." Since payment of the \$3.00/month specific tax is what exempts an occupied trailer coach from regular property taxes, if the \$3.00/month specific tax is not being paid as of 12-31-98, the exemption for the trailer coach cannot be granted on the 1999 assessment roll.

4) Payment of the \$3.00/month specific tax exempts the occupied trailer coach only.

As stated in STC Bulletin No. 7 of 1988, payment of the \$3.00/month specific tax does NOT exempt the following which are assessable as personal property to the owner of the improvement when located in a licensed park. These are considered to be improvements on leased land. The items listed below are NOT owned by the park owner, but by an occupant of the park

- a. Detached sheds and buildings which are on concrete slabs, posts, piers or skids with or without floors.
- b. Attached sheds which are on concrete, posts or piers with or without floors.
- c. Attached carports and porches.
- d. Concrete floors, walks, patios etc. which are not part of the pad provided by the park.
- e. Attached garages.
- f. Wood decks and porches built on site by the owner of a trailer coach.
- g. Porches with or without chassis.
- h. Porches built on site or that are pre-cast and moved to the site.
- i. Additions that were built on and were not part of the original unit and are without chassis.

Payment of the \$3.00/month specific tax DOES exempt everything that is manufactured as part of the trailer coach including add-on rooms that are hauled to the site and erected with the trailer. This would include heat exchangers and central air conditioning.

Payment of the \$3.00/month specific tax does NOT exempt the mobile home park itself which is assessable as real property to the owner of the park.

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