

PUBLIC HEARING
before
SENATE REVENUE, FINANCE AND APPROPRIATIONS COMMITTEE
on
SCR #90

Held:
May 28, 1980
Assembly Chamber
State House
Trenton, New Jersey

MEMBERS OF COMMITTEE PRESENT:

Senator Charles B. Yates, Chairman
Senator Laurence S. Weiss, Vice-Chairman
Senator Walter E. Foran

ALSO:

William Zuzzio, Aide
Senate Revenue, Finance and Appropriations Committee
Office of Legislative Services

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SENATOR LAURENCE S. WEISS (Vice-Chairman): Good morning. I am Senator Weiss. I am sitting in for Senator Yates, who may or may not be here in a few minutes. To my left is Senator Foran, a member of the Committee.

This public hearing is being held by the Senate Revenue, Finance and Appropriations Committee on Senate Concurrent Resolution #90, proposing to amend Article VIII, Section 1, paragraph 4 of the Constitution of the State of New Jersey, to include, as qualified for the \$160 property tax deduction, an otherwise qualified senior citizen or a disabled citizen owning a dwelling house, but not the land on which it is situated. This public hearing is being held in compliance with Article IX, paragraph 1 of the State Constitution, and the rules of the Senate. Our first witness is Senator William Hamilton.

SENATOR WILLIAM HAMILTON: Mr. Chairman, Senator Foran, thank you very much for being here today so that we can have this constitutionally required public hearing.

In its simplest terms, this proposed Constitutional Amendment is a matter of fundamental fairness. SCR 90 has been prepared in response to the New Jersey Supreme Court's Koester vs. Hunterdon County Board of Taxation decision in 1979 and the Mobile Home Study Commission's extended deliberations and recommendations on mobile home taxation.

By way of background, you may be aware--I know that Senator Foran is-- in 1977, the Legislature created the Mobile Home Study Commission to look at three specific areas among, perhaps, others, those being land use, taxation and financing. While the work of the Commission is not complete, it is with a sense of timed urgency that this public hearing on this proposed Constitutional Amendment is before you today. This amendment is an outgrowth of the Commission's tax study and an integral and essential part of the Commission's larger tax package to be submitted to the Legislature later this year. Let me say that the Solitude Village case, the case of Koester vs. the Hunterdon County Board of Taxation, in essence, held that certain mobile homes, because of their affixation to the land and the uses to which they were being put as permanent residences, would have to be taxed as real property, whereas, previously, they were not so taxed. It should be noted that the usefulness and the need for this amendment is by no means contingent on the Legislature's enactment of the Mobile Home Study Commission's tax recommendations. The substance of the amendment authorizes the Legislature to adopt implementing legislation extending surviving spouse deductions, which are currently in the amount of \$160, to eligible owners of mobile homes, which are taxed as real property, notwithstanding the fact that the home is situated on property owned by another person or persons. The amendment is made necessary by the fact that under existing constitutional and statutory provisions, ownership in both the dwelling unit and the land is a condition to senior and disabled citizens' deductions.

As previously noted, the need for such a constitutional amendment is not dependent on the enactment of the other elements of the Commission's tax recommendations, although their enactment will, unquestionably, increase the urgency for such a measure. SCR 90, therefore, deals with both an immediate and possible prospective problem. The immediate problem is that the residents of Solitude Village in the Borough of High Bridge--they were the plaintiffs in the Koester decision--have been subject to real property taxation since 1975. In addition, there are a number of owners of mobile homes on scattered lots--that is outside commercial parks--that are equally subject

to real property taxation, irrespective of whether the home is affixed to the land or whether the land is owned or leased by the home owner.

What kind of numbers are we talking about? According to the guesstimate of the High Bridge Boro tax assessor, about forty to fifty of the approximate 125 home owners in Solitude Village are 65 years of age or older. No data is available as to how many of these are income eligible for senior citizen deductions. We do know that the homes in that park are currently selling for between \$25,000 and \$35,000, which, in turn, generates a not substantial tax bill for needy senior citizen households. Senior citizen tax deductions are, of course, intended to mitigate real property tax burdens on such households.

The immediate cost to the State of SCR 90, as it applies to mobile homes, will probably be negligible. That is because of the scattered lot situation. Of 25,000 to 35,000 mobile homes in the State, only about one to two percent are found on scattered lots. So, as I said, the immediate cost to the State will probably be negligible.

Prospectively, the cost implications are considerably more substantial, if the Commission's recommendations are enacted, to wit, that mobile homes be taxed as real property and that eligible home owners be entitled to all the tax preferences, including senior citizen and disabled citizen deductions available to other home owners. At that point, we may be talking about, on the high side, some twenty to thirty percent of all mobile home owners, a figure which I have given to you as between 25,000 and 30,000 units.

I am, of course, aware that other than mobile home situations would be affected by the terms of this amendment. No one seems to have any idea of the number of additional households involved. I, nevertheless, feel that their categorical exclusion from SCR 90 would, on my part, be an arbitrary action. I do not, however, today, propose to go into the numerous merits of SCR 90 and the even more numerous controversies sure to be generated by the Commission's recommendations. That is not the issue before this Committee and the Legislature at this time. I would expect and strongly urge this Committee, when it considers the enabling legislation accompanying SCR 90 and the remainder of the tax package, to give the closest scrutiny to the general issue of tax equity and the total fiscal implications to the State, and they may be considerable. At that time, the Commission would be in a position to provide you with more detailed data later on. As to the Committee's amendments to SCR 90, they are wholly consistent with both the spirit and substance of the original resolution. If this Committee feels, as it evidently does, that the Committee amendments will clarify legislative intent, then I wholeheartedly concur in the current version of the Resolution.

In conclusion, the simple issue before this Committee is whether needy home owners subject to real property taxation and otherwise eligible for senior and disabled citizen deductions should continue to be deprived thereof, simply by the fact that they do not own the land on which their primary residences are situated. This exclusion is made more onerous in the case of mobile homes because of the pervasive legal restrictions against the fee simple ownership of land and home.

Finally, speaking in my capacity as Chairman of the Mobile Home Study Commission, I would like to see this proposition presented to the voters this year so that, if approved, and if the Legislature decides to support the Commission's recommendations that mobile homes be taxed as real property, the Legislature will have the necessary authority to extend to mobile home owners the same tax benefits

enjoyed by other qualified home owners.

In conclusion, let me say that I think it is a matter of fundamental fairness. No one knows for sure what the recommendations of the Commission would have been had the Koester decision not come down the road. I am sure that there are people in the mobile home industry and I am sure there are mobile home residents who would have opted for a system of real property taxation. I am equally certain that there are people in those respective groups who would have resisted and opposed such treatment. Nevertheless, the direction has been pointed out clearly by the courts. We are presently operating under a one year moratorium without which mobile homes would have been taxed as real property on January 1 of this year without the orderly transition from the system that existed to the system that will be put into place by statute and by regulation. That new tax burden is going to be imposed on the owners of mobile homes. It seems to me that they ought to be entitled to a fair opportunity to the legislative process to have the same tax benefits as other home owners.

Mr. Chairman, Senator Foran, I certainly thank you for your attention and for the opportunity to appear before you today in this public hearing.

SENATOR WEISS: Thank you very much, Senator Hamilton. Senator, would you care to comment on the prevailing public conception of mobile homes, as short-term residences?

SENATOR HAMILTON: Senator Weiss, Senator Foran, that is probably more fundamental even than the three primary tasks that we were assigned, taxes, land use and financing, because even among people vitally involved with the industry--and this is certainly true with respect to some of the bankers who testified on the financing question--there is still the old idea in people's minds of the old 1940 version of a mobile home, of a gypsy park, where people can get up and leave in the middle of the night. The realities are that people who live in mobile homes play vital roles in their respective communities. The homes that are constructed today are of much higher quality and standards than those that are a part of that stereotype. Many people spend most of their adult life in mobile home parks. So, there really is a stereotype that has got to be undone and it has no place, at least, in the New Jersey of the 1970's and the 1980's, with respect to mobile home park developments.

SENATOR WEISS: Senator, you mentioned a percentage before about the mobile homes that are on scattered lots. I missed that. What is that percentage?

SENATOR HAMILTON: The best estimate that we can come up with is about one to two percent of the total mobile home population of about 25,000 to 30,000.

SENATOR WEISS: Then, you also mentioned some figures of \$25,000 to \$35,000 for homes in certain villages. Isn't this the exception rather than the rule?

SENATOR HAMILTON: Not really, Senator. With inflation and with the upgrading of the construction code as a result of state and federal legislation, many mobile homes today--well, single-wides are sold for between \$20,000 and \$25,000 and double-wides can go as high as \$35,000 to \$40,000. So, there is a substantial investment by the purchaser in mobile homes of that kind of quality that are being sold here in New Jersey today.

SENATOR WEISS: I must be behind the times. I thought they ran about \$12,000 or \$14,000. They must be real small ones.

SENATOR HAMILTON: That was the case at one time, but, as I say, with inflation and the change in construction standards, we're going to have to work

to overcome the stereotype, I guess.

SENATOR WEISS: And, would you indicate that the local assessments are generally between 75 and 80% of the true value? That really is a result of minimal tax burdens on mobile home owners. If such homes are taxed as real property, what I'm really trying to lead to, by extending senior citizen benefits to mobile home owners, will we not, in many instances, be giving such home owners a considerable advantage over the other home owners, those that are without access of wheels?

SENATOR HAMILTON: Certainly not by virtue of this constitutional amendment, Senator. What this constitutional amendment does is to authorize a ceiling of \$160 and when the recommendations of the Commission come down and when the Legislature considers the various aspects of that tax package and tax benefits, they will have to decide how much of a veterans' deduction, how much of a senior citizens' deduction, how much of a homestead is appropriate. It may be 100% and it may be something less than 100%, but those policy decisions can still be made in this constitutional amendment, which authorizes only a ceiling to be adopted.

SENATOR WEISS: I have one other question. What effect do you think the SCR will have on the local revenues, which is an important thing considering home rule?

SENATOR HAMILTON: Well, except for the possibility of space fees and things of that kind being eliminated, it is going to have no impact, SCR 90 will have no impact because senior citizen deductions, homestead deductions and veterans deductions are now paid 100% by the state. So, whatever cost there is going to be is going to be a cost to the State Treasury. It is not going to take real property taxation dollars from other home owners in the municipality and redistribute them for the benefit of mobile home owners. That is just not going to happen. The only impact with respect to any lost revenues from space fees and things of that kind, license fees, the Supreme Court indicated that they would have to be adjusted in order to accommodate a system of real property taxation.

SENATOR WEISS: So, it is your opinion that everything at the local level is going to stay even.

SENATOR HAMILTON: Well, it is not going to cost the municipality anything to implement this constitutional amendment, if the Legislature approves it and if the people approve it. I think, today, there are many municipalities that seem to think that mobile home parks and residents of mobile home parks are a drag on their community because they are consumers of services and they don't pay funds in. When there is a conversion over to the real property system, they are going to be sharing the tax dollars that come in among the municipality, with the county and with the local board of education, and I think their perception is going to change markedly because, right now, the space fees, the license fees, all of those funds are retained by the municipality. No part of it goes to the county, no part of it goes to the board of education. So, I think it will be an educational process for many municipal officials, including tax collectors and assessors.

SENATOR WEISS: Even those who would have objections to mobile homes in their communities?

SENATOR HAMILTON: I think this is going to give them an entirely different perception, yes sir.

SENATOR WEISS: Senator, if the Legislature decides not to tax mobile homes as real property, would it still be your view that this amendment would still be needed?

SENATOR HAMILTON: Well, I think so, because you would have, at least, a situation in Senator Foran's district, Solitude Village, you would have, at least, a scattered lot situation, even though we didn't move forward with respect to the implementation of the tax recommendations and the direction they are going now. But, there is a substantial body of thought that says, in effect, that we don't really have any choice, that the Supreme Court has pointed the way and either with or without orderly and implementing legislation, that's what we're going to have to do, and the assessors on and after October 1 of this year and for the year that begins on January 1, 1981, they're going to be out there assessing mobile homes. So, I think, even if that didn't happen, there are some situations that come under that heading of "fairness", and I think they ought to have the benefit of SCR 90 and moreover, I think we're going to have to go in the direction that I've outlined, in terms of treatment of most mobile homes as real property.

SENATOR WEISS: I gather, sir, that there might be some problems in assessing mobile homes. Would you care to comment on some of those problems of assessment?

SENATOR HAMILTON: Well, the real problem comes in valuation. The valuation of a mobile home has previously been done much like an automobile. Until five or six years ago, there was great depreciation in terms of mobile homes, in part because, under the existing practice of that time, when mobile homes were sold, they had to be removed from the park. Legislation that I'm proud to say I had a part in began to change that and today, we frequently find that between inflation and the fact that mobile homes can now be sold on site in the parks subject to very few restrictions, there is appreciation occurring in many situations on resales. But, what is the value? Is it the value of the home? Is it the sticker price? Is it the manufacturer's price? What standard of value is applied? It is going to be a whole new ballgame for the 567 tax assessors in the state for such a number of them that have mobile home units in their district and there are going to be problems of valuation, what approach to take, that are rather technical questions and I am not fully competent to deal with them. But, that is the main area that I see. There will then have to be other adjustments in terms of sales tax, which is now imposed, and the license fees and the space fees and those kinds of things. I think we can cope with them. I think the problems of valuation are going to be serious, but can be addressed by the professional assessors.

SENATOR WEISS: I have a feeling that the Commission that you head, sir, is really in favor of the proposal, SCR 90.

SENATOR HAMILTON: We are fully supportive of SCR 90. We have problems on the Commission with respect to moving in the direction of real property taxation, but the bottom line consensus seems to be that whether that is the way we wanted to go or not, that is the way the court decision took us and it might have taken a different constitutional amendment to prevent us from going in that direction. We are wholeheartedly and without any reservation supportive of the provisions of SCR 90.

SENATOR WEISS: Only because I am so unfamiliar with mobile homes, I have a question. I have noticed in the past that there were some mobile homes that were on foundations and there were some mobile homes that were on wheels, some on many wheels, as a matter of fact. Would that necessarily affect this legislation or would this legislation affect those homes?

SENATOR HAMILTON: Probably not. The Koester decision went to a unique

situation in Hunterdon County, where these homes were built onto a hillside on foundations and they had to be lifted in by crane, but the language didn't limit it to that situation. They seem to go more in the direction that if you are a full-time, year round, permanent type resident, then you are going to be subject to real property taxation, rather than another method of taxation. So, I think that's one thing. I think the situation that you've noticed, some on concrete block in some situations, with or without skirting, and wheels on others, went more to some strange anomalies that grew up under the sales tax situation where some motor vehicle agents would say, "Well, if the wheels aren't on the ground, you don't have to pay sales tax." Sometimes the state caught up with that situation and otherwise, but it doesn't really have anything to do with the real property treatment. It did have something to do with the sales tax treatment, that is the system that is being phased out.

SENATOR WEISS: As I understood, in the past, the fact that they had wheels, these mobile homes, kept them from being attached to the real estate and not being taxed as real estate or as a home.

SENATOR HAMILTON: I have never heard that as an official kind of position, but there were probably some myths that grew up in mobile home communities based on this kind of information, as well as the kind of myths that grew up about mobile home communities and it may well be that that kind of word was extant. I suggest that you might, you probably are going to hear this morning from Mr. William Palmer from the Mobile Home Owners Association and Mrs. Annette Petrick from the Manufactured Housing Association and they might be able to give you some instances of that kind of information, where I cannot.

SENATOR WEISS: Thank you very much, Senator Hamilton. I believe Senator Foran has some questions.

SENATOR FORAN: Thank you, Mr. Chairman. I find that SCR 90 fills a need that I have been living with since 1975. Solitude Village, as you know, is part of my constituency and it has been very, very frustrating, as a legislator representing that area, to even come up with some idea to give some of these senior citizens and home owners a break. I think this will fill a need and very seldom do I thank the court for giving us a direct approach and a way to go, but I think the court decision in this case is very good and this creates equalness and fairness, as you said in your statement, and I concur wholeheartedly with the substance of SCR 90. I think, also, that you're going to find that a trend is going to be more to this type of village and more to this type of residence, as more seniors become available to this type of habitat. Solitude Village is a very lovely community. It is part of High Bridge in my county. There's no drag on any community up there. It is kept beautifully and it is a very, very lovely spot to live. I think you will find that there will be more of this done because of the fact that the cost of normal housing keeps rising in this inflationary period and you are going to find more and more seniors availing themselves of this kind of community and I would like to congratulate you Senator Hamilton for the proposal, SCR 90, and the work that you have done on the Study Commission and I will tell you this, that I will do anything in my power to see that it becomes part of our law. Thank you.

SENATOR HAMILTON: Senator Foran, thank you very much. You did ask to become a co-sponsor of this measure and I have already attended to that. I am grateful for all your comments. The only thing that I disagree with is that I am not quite as ecstatic about the court's full perception about mobile home communities when they rendered the decision. The decision may well be fair and just, but they had some

of the same kinds of misconceptions that I spoke about in answering Senator Weiss's questions and some of them come out in the opinion, if you read it carefully.

SENATOR FORAN: Let's put it this way. It is a step in the right direction.

SENATOR HAMILTON: Thank you very much, Senator.

SENATOR WEISS: Thank you very much, Senator Hamilton. Senator Yates, do you have any questions?

SENATOR YATES: No questions.

SENATOR WEISS: Thank you, Senator. The next witness will be Al Bills.

A L V I N B I L L S: My name is Alvin Bills, Mr. Chairman, Senator Foran and Senator Yates, and I am with the Division of Taxation. I am here to read a statement of Sidney Glaser, who is the Director of the Division.

"My name is Sidney Glaser. I am the Director of the Division of Taxation, Department of the Treasury, and appear here today to comment with respect to the proposed constitutional amendment to Article VIII, Section 1, paragraph 4, as set forth in SCR 90 OCR, as amended.

The Division of Taxation has the responsibility for the administration of the \$160 senior citizen property tax deduction. From time to time, regulations have been promulgated and tax forms issued for the use of the applicants. In addition, bulletins and memoranda have been issued to serve as guidelines for the local tax assessors and the general public.

Adoption of this Resolution is a matter of policy. My Comments are offered not for the purpose of advocating any specific policy but rather to present certain data which we feel should be brought to the attention of this Committee to assist it in arriving at a conclusion.

I wish to bring to the attention of this Committee that on May 27 a public hearing was held by the Assembly Revenue, Finance and Appropriations Committee with respect to ACR 29 OCR. This amendment proposes to raise the income eligibility limits for the senior and disabled citizens property tax deduction. It proposes to amend the same section of the Constitution, which is being considered here today.

Under current law, a senior citizen whose income is not in excess of \$5000 cannot qualify for the annual senior citizen tax deduction of \$160 where he does not own the land upon which his house (which he owns) is located. SCR 90 is designed to remove that restriction and allow the deduction to the owner of a house although located on leased lands.

It is noted that the homestead rebate law by amendment allows a rebate to such a person.

SCR 90 has, as its objective, inclusion of a group of taxpayers who own their own dwellings which are assessed and taxed as real property and are not eligible to receive the \$160 property tax deduction for the reason that Article VIII, Section 1, paragraph 4 of the State Constitution presently requires that the taxpayer own both the dwelling and the land upon which it is located.

Inasmuch as the State presently grants full reimbursements to municipalities for the senior citizen tax deduction, it is estimated that approval of this Resolution and implementing legislation would cost the State \$1,200,000 (\$160 x 7500) for approximately 7500 homes that are on leased land, plus an additional cost to the State of approximately \$4,000,000 (\$160 x 25,000) if mobile homes are taxed as real estate, or a total cost of \$5.2 million.

In this regard, there could be an additional cost to the State of between \$7-8 million for homestead rebates with respect to mobile homes whose owners do not now receive the homestead rebate, or a grand total of \$13.2 million.

This amendment is deemed necessary in order to afford mobile home owners whose home is taxed as real property to receive the same benefits that owners of other real property are now receiving.

I trust that the foregoing information will be helpful to this Committee. Thank you for the opportunity to appear here today."

SENATOR WEISS: Thank you, Mr. Bills. Senator Foran, any questions?

SENATOR FORAN: Yes. With regard to your figures of total cost of \$13.2 million to the State, in your opinion, do you think it fair that certain segments of our senior citizens pay normal real estate taxes, as everybody else does, and because of a desire to live in a community made up of mobile homes, do you think it fair that they are not eligible to receive the homestead rebate as other taxpayers are?

MR. BILLS: That would be my own personal opinion?

SENATOR FORAN: Yes.

MR. BILLS: My own personal opinion is that they should receive the same benefit that any other taxpayer would receive.

SENATOR FORAN: In other words, what I'm getting at is that if we take these figures and run from them, I think we're going to set up a special class of citizen that is going to get paid coming and going while other citizens that have their permanent homes and own the land are still going to get the rebate money back from the fund. I find that your figure of \$13.2 million might be a little high. Can you tell us exactly where you got these figures from?

MR. BILLS: No, I can't. I wasn't involved with the research, unfortunately, and I cannot tell you.

SENATOR FORAN: Well, it seems to me that the court has set the line and the possibility of setting real estate taxes on mobile homes, and if that is the case,, what happens to the tax money generated from that tax received? You don't mention that.

MR. BILLS: No.

SENATOR FORAN: You are mentioning outgo, if this SCR 90 is passed, and the rebates are given across the board to taxpayers who are eligible. At the same time, you don't say what the tax dollar is going to be that is realized from this taxation product coming in.

MR. BILLS: You mean from the real property taxes that they would pay?

SENATOR FORAN: Yes.

MR. BILLS: Of course, that would go locally and the State pays out this \$13.2 million.

SENATOR FORAN: Well, there are still tax dollars being paid out and where a senior citizen is eligible, even at the low figure of \$5000 and maybe someday we're going to do something about that, I find that it is inconsistent with the thinking of the Department that the \$13.2 million is a total cost. I am strictly thinking in the manner of fairness because if a taxpayer is paying a full shot, as a home owner is, just because he is living in a mobile home village like Solitude Village, he is paying all the cost and not getting any of the benefit under the current law. I think that is the reason for SCR 90. Thank you, Mr. Chairman.

SENATOR WEISS: Thank you, Senator Foran. Senator Yates?

SENATOR YATES: I would just like to make a comment similar to what Senator Foran said that if \$13.2 million is the cost to the State, one could just as well say that \$13.2 million is the size of the injustice now being visited on people who are being asked to pay their property taxes like anyone else, but are not getting the benefit of the various property tax rebates and deduction schemes that, in the past, have been judged fair because they only came into the paying of property tax at a later date by virtue of changes in our way of taxing mobile homes as opposed to fixed homes. When you are dealing with an issue of fairness, as Senator Foran said, the dollar amount is not the critical factor. It is the question of equal treatment of citizens with similar obligations. On that basis, I think we're interested to see that the estimate comes out this high, but it doesn't change the basic fairness argument.

SENATOR WEISS: Thank you, Senator Yates. I have one more question, Mr. Bills. I wonder if the Department could supply the Committee with the source material for the figures involved in this statement.

MR. BILLS: I will transmit your request to the Director. Thank you.

SENATOR WEISS: Thank you. The next witness is Annette Petrick, Executive Director of the New Jersey Manufactured Housing Association.

A N N E T T E P E T R I C K: Good morning Senator Yates, Senator Weiss and Senator Foran. I am Annette Petrick, Executive Director of the New Jersey Manufactured Housing Association. We represent the manufactured housing industry, including people who own mobile home communities in which mobile home residents lease space. This bill is meant mainly for people who own mobile homes who lease such home sites in mobile home communities in New Jersey. They own their home, but lease the property on which they are located.

Of course, the purpose of the bill is to put this authorization in place, in anticipation of the statewide taxation of mobile homes at the real property tax rate, in 1981. There is currently in place a moratorium on such taxation while the Legislature puts into place authorizations such as this one, that would give mobile home residents the same deductions, rebates and benefits as owners of other types of dwellings on which real estate taxes are paid.

The New Jersey Manufactured Housing Association, representing the business people who own mobile home communities, is in favor of this bill and respectfully ask this Committee to rule positively on it.

I have brought with me some literature for you on manufactured housing in New Jersey and the lifestyle it affords senior citizens and I would like, with your permission, to leave a magazine with you for your information. Thank you for this opportunity to address the Committee.

SENATOR WEISS: Thank you, Ms. Petrick. Senator Foran?

SENATOR FORAN: I have no questions.

SENATOR WEISS: Senator Yates?

SENATOR YATES: Where's the magazine?

SENATOR WEISS: Mr. Zuzzio has them.

MS. PETRICK: Excuse me, but it might be wise for you to be able to look at the magazine.

SENATOR WEISS: Bill, would you pass them out please?

MS. PETRICK: This is a yearbook that our Association publishes and distributes to people who are interested in manufactured housing and it is geared to answer the kinds of questions that they ask, such as: How much space will I have? What is the lifestyle like? Who are my neighbors?

SENATOR WEISS: Do you agree with Senator Hamilton's opinion about what the cost of a mobile home is?

MS. PETRICK: Well, the average cost of a mobile home today in New Jersey is about \$24,500 for the single unit or the double unit, ranch style home is running about \$30,000.

SENATOR WEISS: Are you familiar with the way mobile homes are taxed in various municipalities?

MS. PETRICK: Somewhat.

SENATOR WEISS: Would you tell us about that?

MS. PETRICK: Well, right now, mobile homes pay a fee to the township in lieu of taxes and that fee is set by the township per site in a mobile home community and that is the local fee that I believe someone referred to earlier.

SENATOR WEISS: What are the parameters of that fee? What is a low fee and what is a high fee?

MS. PETRICK: I have heard of it being as low as \$5.00 per month and I would say as high as, maybe, \$2.00 or \$3.00 per week. I believe Mr. Palmer might be more familiar with the exact figures.

SENATOR WEISS: Well, Mr. Palmer is next on the list. I will ask him then. Any other questions? Senator Yates?

SENATOR YATES: The emphasis, of course, of this bill directs itself to the senior citizen and disabled deduction. Is this kind of mobile housing more so used by senior citizens than the general population? Is that generally understood?

MS. PETRICK: Not on a national basis, Senator Yates, but in New Jersey, definitely so. About 80% of our sales are to what we call the "empty nester", people without children, people over 40 without children.

SENATOR YATES: So, in effect, by the imposition of the property tax on this kind of housing, in fact, local governments are going to have, I hesitate to call it somewhat of a bonanza, but, in fact, they are going to be collecting school taxes from many thousands of people that are not costing the schools anything. This, in effect, is going to result in slight lessening of the property tax burden on the remaining members of the community because of the new taxpayers who will be paying full school tax, municipal tax and what have you and not be sending any children to the system.

MS. PETRICK: Well, Senator Hamilton earlier mentioned, I think before you arrived Senator, about this type of housing being accused of, perhaps, not carrying its weight in the past, before real estate taxes, but some of the municipalities that are now putting together figures on what the space fees were are finding out that they will be losing considerably by going to the property tax because the space fee did remain in the municipality and, of course, the real estate tax is shared. So, it really depends on what the situation was in the municipality. Some will gain and some will lose, but yet, there are not a lot of school children put out by mobile home communities.

SENATOR FORAN: "Empty nester" means the children are gone?

MS. PETRICK: That's right. That's a term that we coined to describe what happens in the housing life cycle of a family, where, often times, they come to a

mobile home, perhaps, as newlyweds and then, as they have the first child, they move to a house. Then, when the children are grown and gone and they become "empty nesters", with a great big house that they no longer need, they move back into the mobile home.

SENATOR WEISS: Are there any more questions. (No response) Thank you very much. We enjoyed having you. The next witness is Mr. William Palmer.

W I L L I A M P A L M E R: My name is William Palmer. I am representing the Mobile Home Owners Association of New Jersey. I am also a consumer member of the Mobile Home Study Commission.

I have lived in mobile homes for 25 years, trailers and mobile homes. I have written about them and researched them from the consumer point of view. The Mobile Home Owners Association had Bernard Heckel, who is a planning consultant, do some research for us and he established the fact that there is about one fourth of the families in this State that can afford mobile homes, but cannot afford site-built houses at the prices that they have soared to now. This is beginning to affect the Study Commission's feeling because we are beginning to realize that what we are trying to establish is an opportunity for people to buy unsubsidized homes in opposition to having to go in subsidized housing or else to buy inferior housing. The probability is that if these people, and I'm speaking now mainly of seniors because about one third of the occupants of mobile homes, depending on the community, and in some cases 100%, are senior citizens. As these senior citizens move into the mobile homes, they open up the market. They release site-built houses to enable other people who can afford them to occupy the site-builts.

The senior exemption to mobile home owners moving into mobile homes doesn't represent a loss of revenue to the State because these seniors who have incomes other than Social Security, \$5000 or less, are paying only the pad fees now and when they go into the real estate taxation situation, their homes are going to be of sufficiently low value so that there is not a great deal of real estate tax being represented.

I think one other thing that you may want to consider in connection with this is that there is a growing trend across the country of developers retaining the land, but selling the homes. So that--and I'm speaking now of site-built homes--because in many cases, they could not sell these site-built homes unless they can keep the down payment down to a level that, specifically, newlyweds can afford and the land remains a rental with or without a contract to sell that to the kids when they finally have the kind of income that would enable them to afford the land as well as the house.

That's all the points I wanted to make at this time.

SENATOR WEISS: Mr. Palmer, what is the range of the pad fees?

MR. PALMER: It ranges from zero to \$35.00.

SENATOR WEISS: Well, if it is zero--

MR. PALMER: Well, in the case of the Township of Jackson, which has a number of parks and half of them are senior citizen parks, they had a pad fee of \$5.00 per month and about three years ago, they wiped that out for the senior citizens. It remains \$5.00 for the other people.

SENATOR WEISS: How about the non-senior citizen, those that haven't reached that exulted age?

MR. PALMER: Well, in Jackson, they are still paying the \$5.00 and that is

among the lower amounts in the State. They typically run from--well, it is \$12.00 in our park up in South Brunswick and it runs up to \$35.00 in a couple of parks.

SENATOR WEISS: The \$35.00 is high.

MR. PALMER: That's quite high.

SENATOR WEISS: What services are rendered for that amount of money?

MR. PALMER: The pad fee is generally cited as covering municipal services. The municipal services pretty generally cover the cop going through the park once in a while and the rest of it; they tell us that we have to use the township roads to get to the supermarket and this sort of thing. So, it just covers the general municipal costs that would occur to anybody else. Incidentally, in most townships, we pay a separate water and sewer fee, which is included in the rent. It is aside from the so-called pad fee.

SENATOR WEISS: What is the rent in a mobile home park based on, the size of the mobile home, the size of the pad?

MR. PALMER: It is more generally on the size of the site that it occupies.

SENATOR WEISS: So, really, the pad fee is not all-inclusive of everything that you use in the park?

MR. PALMER: Well, the pad fee is strictly a pass-through to the municipality.

SENATOR WEISS: The dimensions of the lot size are larger than the pad fee, is that it?

MR. PALMER: Your pad fee is actually based on the lot itself. In our township, they have three different pad fees for lots of three different sizes. Most of the lots are of the larger size and we pay the maximum pad fee.

SENATOR WEISS: I'm only trying to learn, Then, perhaps the question ought to be, all local parks are not owned by townships and municipalities?

MR. PALMER: Right.

SENATOR WEISS: Is this the same situation that would exist in a privately owned mobile home park or would the pad fees differ greatly and is there an additional rent on top of the pad fees and if so, what is it?

MR. PALMER: Well, I think in order to put this in perspective, in your rent you have three items that are pass-throughs, so called, which means that the landlord does not have the use of them. He just turns them over to the township. The first one is the real estate tax on the property itself, and this includes the site. The park is assessed by the township assessor and the landlord is charged with that real estate tax. He actually apportions it out among the tenants in the rent.

SENATOR WEISS: Is that in the pad fee or beside it?

MR. PALMER: That's not in the pad fee.

SENATOR WEISS: It is in addition to that?

MR. PALMER: It is in addition to that. Now, several years ago there was a personal property tax on the mobile homes and this was stricken, I believe, by some Supreme Court ruling. Therefore, the municipalities then attempted to find some other source of revenue to the township from the mobile home owners themselves. So, they instituted the pad fee. Now, while they call it a pad fee, it actually is a tax or a fee, a license fee, if you want to call it that, on the home itself and it has nothing to do with the real estate tax.

Then, the third thing is the water and sewer fee which differs depending on whether the landlord has his own facilities or whether the city or the township provides maybe water and not sewer or maybe sewer and not water and so forth.

SENATOR WEISS: I have one other question for you, Mr. Palmer. You mentioned something about financing mobile homes before and I can't tell you that I wasn't stunned by the price of some of these mobile homes because I am. However, I am curious to know how senior citizens would be able to afford some of these expensive mobile homes, considering the the big percentage rates.

MR. PALMER: The very typical situation, and inflation is really putting a lot of us in a bind now, you sell the site-built home that you brought up your kids in and you buy the mobile home outright. What's left over, the difference, is your kitty. It is going to be your \$5000 income, hopefully, above your social security and inflation can really play hell with that little kitty.

SENATOR WEISS: Thank you very much, Mr. Palmer. I learned a lot from you this morning. Senator Foran?

SENATOR FORAN: No questions.

SENATOR WEISS: Senator Yates, do you have any questions of Mr. Palmer?

SENATOR YATES: I have no questions.

SENATOR WEISS: Thank you, sir. Are there any other witnesses? (no response)
If not, I declare this meeting adjourned.

(Hearing Concluded)



