



Promoting Tax Relief and Homeownership for Working Coloradans

Background:

Manufactured homes (MHs) provide a critical source of unsubsidized affordable housing for roughly 100,000 working families in Colorado. According to the United States Census Bureau, the average sales price of a new MH in Colorado in 2016 was \$66,100 and **the nationwide median income for MH households in 2015 was \$30,000.**

The Issue

- **Coloradans who buy new MHs pay the state sales tax on 52 percent of the retail sales price of the home because MHs are considered personal property at the time of purchase** (C.R.S. 39-26-721). On average, the sales tax owed at the time of purchase on a MH amounts to roughly **\$1,000**.
- The imposition of the state sales tax on the purchase price of a new MH **raises the final closing price to a degree that is significant for the families that traditionally purchase them.**
 - As a result, the imposition of the state sales tax can **pose a financial barrier to completing the purchase of the home altogether.**¹
- In addition to paying the state sales when buying a new MH, **all MH owners pay property taxes annually in the same manner as conventional homeowners [owners of real residential property]** (C.R.S. 39-5-201).
- **Purchasers of newly built conventional homes do not pay the state sales tax** at the time of purchase because the state sales tax has been previously paid on the cost of the materials used to build the home. **Instead, they pay a small documentary fee and property taxes each year** (C.R.S. 39-13-102). For a newly built conventional home valued at \$350,000 the documentary fee amounts to **\$35**.

Policy Recommendation:

- **Eliminate the imposition of the state sales tax on the purchase of a new manufactured home.**

For more information:

Kristopher Grant, Policy Analyst, kgrant@cclponline.org or (303) 573-5669 Ext. 314

Adeline Hodge, Contract Lobbyist, adeline@frontlinepublicaffairs.com or (508) 221-4623

¹ Burkhart, Ann M., "Taxing Manufactured Homes" (September 5, 2013). Minnesota Legal Studies Research Paper No. 13-45. Available at SSRN: <https://ssrn.com/abstract=2321236>