

# FACTORY BUILT HOUSING INDUSTRY TRENDS QUICK FACTS

REVISED 2021



## FACTORY BUILT HOUSING IN MISSISSIPPI

Today's factory built homes offer you the ability to customize your home to fit your family's lifestyle. You can select a home and choose from a variety of standard features that include vaulted ceilings, spacious master bedrooms with walk-in closets, dressing areas, tiled bathrooms with recessed tubs and whirlpools, and wood-burning fireplaces. You may select optional amenities for your home like custom cabinetry, energy efficient appliances, special window designs, ceramic tile floors, and countertops.

## WHAT IS FACTORY BUILT HOUSING?

A manufactured home is constructed of standard building materials built off-site in a factory setting. Manufactured homes are built entirely in the factory under a federal code administered by the U.S. Department of Housing and Urban Development (HUD). Manufactured homes may be single or multi-section and are transported to the site and installed. A modular home is constructed of standard building materials built off-site in a factory setting. Modular homes are built to the state/local building codes of the jurisdiction in which the home is going to be sited. These are the same building codes to which local builders adhere. Once built, the modules are transported to the site and installed.



## HOW DOES THE FACTORY BUILT HOUSING INDUSTRY CONTRIBUTE TO THE ECONOMY IN MISSISSIPPI?

- Estimated sales tax paid by manufactured home retailers on home sales in Mississippi during 2020 **\$3,114,420.79**.
- Estimated number of licensed retailers: **105**; licensed developers: **7**; licensed installers/transporters: **104**; **1** in state HUD manufacturer and **1** modular manufacturer; **59** HUD code licensed manufacturers; **19** licensed modular manufacturers.
- Numerous parks and lease communities operate in Mississippi.
- Service and supply companies that are MMHA members doing business in Mississippi: **36**.
- Number of Mississippians living in manufactured and mobile homes located in all **82** counties: **507,000** (est.) (Census 2010).
- Number of manufactured homes located in Mississippi: **195,207** (2010-2014 U.S. Census Bureau ACS5).

**Over 507,000 Mississippians chose Manufacturing Housing as their home.**



VISIT THE WEBSITE  
TO LEARN MORE  
**WWW.MSMHA.COM**



## WHO LIVES IN FACTORY BUILT HOMES?

The quality, affordability and limitless amenities of factory built housing have made it the perfect choice for many Americans. Over 22 million people across the country have decided to make factory built housing their way of life. Factory built homes appeal to a wide range of demographic groups from single adults to seniors to families just starting out.

Many who choose factory built housing discover that the payments are lower than apartment rent, and these homes can more than double their living space.

Manufactured housing retailers offer open floor plans and hundreds of design options to meet the needs of growing families. Some communities offer amenities like playgrounds, pools, and planned activities make great neighborhoods to raise children. Seniors can retire in comfort with the affordable options of factory built homes.



The average cost of construction for a single-section manufactured home is **\$48.88** per square foot and multi-section **\$51.26** per square foot as compared to approximately **\$114.43** per square foot for comparable site-built homes.

Modular homes typically cost **10-25%** less than site built homes for the same square footage. (MHI)

## FACTORY BUILT HOUSING STATISTICS

- **3,593** | New manufactured home retail sales through December 2020
- **3,888** | Manufactured homes shipped to Mississippi through December 2020
- **88** | Modular homes shipped to Mississippi through December 2020
- Mississippi manufactured housing product mix for 2020:
  - multi-section homes, **48%**, and single-section homes, **52%**.
- National manufactured housing product mix for 2020:
  - 54.9%** of multi-section homes shipped and **45.1%** of single-section homes shipped.
- **\$52,400** for 1,072 sq. ft. home | Typical price of a single-section manufactured home.
- **\$99,500** for 1,747 sq. ft. home | Typical price of a multi-section manufactured home.

## MISSISSIPPI MANUFACTURED HOUSING ASSOCIATION

The Mississippi Manufactured Housing Association (MMHA) represents retailers, developers, manufacturers, modular contractors, service and supply companies, manufactured home park/community owners and operators, and friends of the industry. The factory built housing industry is a provider of safe, affordable, and quality housing for Mississippians of all ages, races, educational levels, ethnic backgrounds, and income levels.

Retailers, developers, manufacturers, modular contractors, service, and supply companies, friends of the industry and community owners represent a vast cross section of business and development that benefits Mississippi communities and consumers. The industry creates a ripple effect in the economy with sales and purchases of products, goods, and services.



# SALES TAX ON MANUFACTURED HOMES AND MODULAR HOMES



## SINGLE SECTION HOME:

16 x 80 (1200sq ft)	<b>\$65,000</b>	Home, Delivery and installation, skirting, AC, and steps
3% sales tax	<b>\$1,950</b>	
Other items taxed at 7%:		
	<b>\$2,000</b>	Dirt for pad
	<b>\$3,000</b>	Septic tank (individual waste water system)
	<b>\$600</b>	Dozier work (\$150 per hour) 4 hours
	<b>\$1,500</b>	Run line and utility pole
<b>Total</b>	<b>\$7,100</b>	
7% sales tax	<b>\$497</b>	
<b>Total taxes due</b>	<b>\$1,950 + \$497 = \$2,447</b>	
<b>Total price of home</b>	<b>\$67,447</b>	

**If sales tax increased to 5 ½ % and 9 ½ %, the sales tax on this home would increase to**

$$\mathbf{\$3,575 (5 \frac{1}{2}\%) + \$674.50 (9 \frac{1}{2} \% ) = \$4,249.50}$$

**Total of price of home \$69,249.50 Est. \$58 per sq ft**





**SALES TAX ON MANUFACTURED HOMES AND MODULAR HOMES**



**MULTI SECTION HOME:**

32 x 70 (2040sq ft)	\$100,000	Home, Delivery and installation, skirting, AC, and steps
3% sales tax	\$3,000	
Other items taxed at 7%:		
	\$4,000	Dirt for pad
	\$3,500	Septic tank (individual waste water system)
	\$900	Dozier work (\$150 per hour) 6 hours
	\$1,500	Run line and utility pole
<b>Total</b>	<b>\$9,900</b>	
7% sales tax	\$693	
<b>Total taxes due</b>	<b>\$3,000 + \$693 = \$3,693</b>	
<b>Total price of home</b>	<b>\$103,693</b>	

**If sales tax increased to 5 ½ % and 9 ½ %, the sales tax on this home would increase to**

$$\$5,500 + \$940.50 = \$6,440.50$$

**Total price of home \$106,440.50 Est. \$52 per sq ft**



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## **ITEMS THAT MAY BE EXEMPTED FROM COLLECTING TAXES:**

**1. CONCRETE FOOTERS, PILINGS, PIERS:** WHEN USING CONCRETE THE SELLER OF CONCRETE COLLECTS THE TAXES EXAMPLE: Jackson Ready Mix will collect taxes from retailer. **Consumer is not charged taxes on concrete EVER!**

**2. DECK, PORCH, OR PATIO :** If retailer uses Tax ID number to buy supplies to build items and doesn't pay taxes, then 7% tax is collected from consumer. If retailer pays taxes on supplies when purchased then taxes are **not** collected from consumer.

**3. DRIVEWAY OR SIDEWALK :** If concrete and asphalt is used, the above language in #1 pertaining to concrete applies. **NO TAXES WOULD BE COLLECTED FROM CONSUMER.**

If gravel, sand, stone, crushed shell, dirt, or other material is used, then 7% tax is collected from consumer.

**4. WHEEL CHAIR RAMP:** If retailer uses Tax ID number to buy supplies to build items and doesn't pay taxes, then 7% tax is collected from consumer. If retailer pays taxes on supplies when purchased then taxes are **not** collected from consumer.

**5. CARPORT:** If retailer uses Tax ID number to buy supplies to build items and doesn't pay taxes, then 7% tax is collected from consumer. If retailer pays taxes on supplies when purchased then taxes are **not** collected from consumer.

**6. FENCE:** If retailer uses Tax ID number to buy supplies to build items and doesn't pay taxes, then 7% tax is collected from consumer. If retailer pays taxes on supplies when purchased then taxes are **not** collected from consumer.

**7. REFURBISHING AND UPDATING USED OR PRE OWNED HOMES TO RESALE:** PARTS TO RENOVATE A USED HOME ARE EXEMPTED FROM TAXES HOWEVER RETAILER WILL COLLECT 3% FROM CONSUMER WHEN HOME IS SOLD

**\*\*\*\*\* IF RETAILER HIRES CONTRACTOR TO BUILD ANY OF THE ABOVE ITEMS THEN THE CONTRACTOR WILL PAY TAXES ON THE MATERIALS USED AND THE RETAILER WILL NOT COLLECT TAXES FROM THE CONSUMER ON THE MATERIALS.**

## **SIMPLE UTILITY CONNECTION DEFINED BY DEPARTMENT OF REVENUE**

**1. WATER CONNECTION**

**CONNECT TO WATER METER**

**2. ELECTRIC**

**CONNECT ELECTRIC SERVICE TO EXISTING POLE**

**3. GAS**

**CONNECT TO GAS METER**

IF THE ABOVE SERVICES ARE RENDERED AT THE TIME THE MANUFACTURED HOME IS INSTALLED THEN THE TAX COLLECTED FOR THE SERVICE WILL BE AT THE RATE OF 3%. (THIS WILL BE EXPLAINED IN THE REVENUE DEPARTMENT BULLETIN.)

# MANUFACTURED HOME SALES TAX COLLECTED

## ITEMS TO BE TAXED AT 3%

	PRICE	TAX
HOME (NEW OR USED) (Including all appliances shipped with home by manufacturer)	_____	X .03 _____
A/C & PAD	_____	X .03 _____
SKIRTING	_____	X .03 _____
EXTERIOR DOOR STEPS	_____	X .03 _____
DELIVERY AND SETUP	_____	X .03 _____
SIMPLE UTILITY CONNECTION	_____	X .03 _____
DEMOLITION AND REMOVAL	_____	X .03 _____
OTHER ITEMS		
TOTAL TAXES COLLECTED AT 3%	\$ _____	

## ITEMS TO BE TAXED AT 7%

UTILITY CONNECTIONS PLUS EXTRAS (POLE)	_____	X .07 _____
DIRT FOR HOME PAD OR FILL IN	_____	X .07 _____
DOZIER WORK/GRADING (IF CONTRACTED)	_____	X .07 _____
SEPTIC TANK OR OTHER WASTE WATER SYSTEM	_____	X .07 _____
ADDED APPLIANCES SOLD BY RETAILER	_____	X .07 _____
WELL	_____	X .07 _____
WINDOW UNIT AC	_____	X .07 _____
LANDSCAPING	_____	X .07 _____
PROPANE TANK	_____	X .07 _____
FURNITURE	_____	X .07 _____
DIGGING WATERLINE DITCH AND INSTALLING PIPE	_____	X .07 _____
OTHER ITEMS:	_____	X .07 _____
	_____	X .07 _____
TOTAL TAXES COLLECTED AT 7%	\$ _____	
TOTAL TAXES COLLECTED (3% +7%)	\$ _____	

\*\*\*\*\*Items exempted

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## Chapter 09 Manufactured Housing

- 100 Manufactured home (mobile home) is defined as a structure that is transportable in one or more sections and is built on a permanent chassis. A manufactured home is designed for use as a dwelling or office with or without a permanent foundation when connected to required utilities. The sale or lease of manufactured homes is taxed at the reduced rate of 3%.
- 101 Items permanently attached to and becoming a component part of the manufactured home at the time of the sale are included in the purchase price that is taxable at 3%. Examples would be a built-in dishwasher and central heating and air conditioning. Appliances sold and shipped by the manufacturer with the home and included in the overall price of the home from the manufacturer are also considered part of the manufactured home taxable at the reduced rate of 3%. Other furniture and freestanding appliances purchased and resold by the manufactured home dealer are taxable at the 7% rate of tax. The sales price of the additional freestanding furniture and appliances should be separately stated from the sales price of the manufactured home. Likewise, the 7% sales tax should also be separately stated from the 3% sales tax.
- 102 Purchases of labor and parts for repair are exempt when purchased by a registered manufactured home dealer for reconditioning used manufactured homes to be resold. Sales of repairs, repair parts and replacement parts to owners of manufactured homes are taxable at the 7% rate of tax.
- 103 Amounts included in the sale of a manufactured home for "set up charges" are taxed at the same rate as the manufactured home. These charges are limited to the site built supporting parts upon which the manufactured home is placed. It includes all exterior materials required to physically screen or shield such supports including skirting and basic entry steps required for exterior doors. Charges by the manufactured home dealer to run the utilities to the site where the manufactured home will be set up are taxable at the 7% rate of tax. This includes running the utilities to the site and installing the electrical pole and or the water meter. The manufactured home dealer should provide their sales tax account number to the utility company, plumber or electrician to purchase these services exempt for resale.
- 104 Other charges for general home site preparation such as, but not limited to the grading of the home site, providing fill dirt or other fill materials for preparation of the home site, installation of a septic tank system or running utilities to the home site are not defined as set up charges. If the manufactured housing dealer provides these services to his customer, then the manufactured housing dealer is considered to be reselling such services and should provide his tax number to the vendor or contractor providing such services. The manufactured housing dealer is responsible for collecting and remitting 7% tax on all additional charges that are not "set up charges".
- 105 The manufactured home dealer should pay 7% sales tax on the cost of materials for any carpentry work performed for the customer at the manufactured home site. This includes





onsite construction of decks and other similar structures. The manufactured home dealer should pay 7% sales tax on purchases of concrete from a mix plant or asphalt for use in construction of foundation runners, pilings, piers, driveways, patios or other similar structures. No sales tax should be charged to the customer for these construction services.

106 Any taxpayer operating a new or used mobile home dealership shall be required to post a cash or surety bond prior to receiving a Sales Tax Permit to engage in business. The amount of the bond shall be \$25,000 for a new mobile home dealer and \$10,000 for a used mobile home dealer, unless the taxpayer or Commissioner can show cause for another amount to be accepted.

107 Any manufactured home dealer who files delinquent tax returns for more than one period in a calendar year or who presents a check for payment of tax that is returned by the bank for insufficient funds, shall be required to post a bond equal to six months' tax liability. The six months' liability shall be determined by accumulating the past 12 months' liability (determined by returns filed or audit results) and dividing by 2.

108 (Reserved)

*35.IV.04.09 revised effective April 1, 2018.*

