

**M e m o r a n d u m**

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To: \_\_\_\_\_

Date: July 6, 1976

From: Glenn L. Rigby

Subject: Location Value on Mobile Homes

This is a follow-up on our conversation concerning the exclusion of location value from the measure of sales or use tax on the sale of mobile homes.

Under the Sales and Use Tax Law, the measure of tax on the sale of the mobile home is limited to the selling price of the "vehicle". If the purchaser is buying not only the mobile home but access to a specific location, any portion of the selling price attributable to the right of access to the location should be excluded from the measure of tax. We have informed taxpayers that, if in fact, part of the price paid represents access rights, the price for such rights should be separately stated. If the vendor and the purchaser fail to separately state the location value, we will allow a portion of the price to be allocated to such value provided that the retailer can establish the appropriate amount. While the Kelly Blue Book does provide some guidelines for this amount, we understand that these guidelines are largely subjective and at times might not be truly indicative of the true value.

In the absence of convincing evidence as to the value of the access rights, we often look to the prices on which similar mobile homes have been sold without location access.

To summarize, the sales contract should separately state the location value. If it does not, the burden of proof that the purchase price includes an amount for location value must be borne by the taxpayer.

GLR:lb