



# Manufactured & Modular Homes

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*The purpose of this Tax Fact is to provide general information about how South Dakota taxes apply to manufactured, mobile, and sectional homes. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.*

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## Definitions

A **mobile home** (built prior to 1977) is a portable unit, designed and constructed to be towed on its own chassis (frames and wheels), and designed to be connected to utilities for year round occupancy.

- Mobile homes are titled and subject to the initial registration fee.

The term includes:

- ⇒ units containing parts that may be folded, collapsed, or telescoped when being towed and that may expand to provide additional cubic capacity; and
- ⇒ units composed of two or more separately towable components designed to be joined into one integral unit capable of being separated again into the components for repeated towing. [SDCL 32-3-1\(8\)](#)

### South Dakota Taxes and Rates

|   |                |
|---|----------------|
| <b>State Sales Tax and Use Tax</b> – Applies to all sales or purchases of taxable products and services.  | <b>4.5%</b>    |
| <b>Municipal Sales Tax and Use Tax</b> – Applies to all sales of products and services that are subject to the state sales tax or use tax if the purchaser receives or uses the product or service in a municipality that imposes a sales tax or use tax. | <b>1 to 2%</b> |
| <b>Contractor's Excise Tax</b> — Imposed on the gross receipts of all prime contractors engaged in construction services or realty improvement projects in South Dakota. The gross receipts include the tax collected from the consumer.                  | <b>2%</b>      |

A **manufactured (HUD) home** is a portable structure, designed and constructed to be towed on its own chassis (frames and wheels) from one location to another and can be connected to utilities for year round occupancy.

- Manufactured homes are built to Housing and Urban Development (HUD) standards and can be used for residential, commercial, educational, or industrial purposes. It might be one unit (single-wide) or made up of several units (double-wide or triple-wide) that can be towed separately, connected to form a single structure, and then disconnected and towed somewhere else. [SDCL 32-3-1\(6\)](#)

A **modular or sectional home (UBC)** is a home pre-built in part or in whole, for the purpose of permanent placement on a foundation. A mobile home as defined by subdivision [SDCL 32-3-1\(6\)](#) is **NOT** a sectional home. [SDCL 10-45-2.1](#) and [SDCL 10-46-5.1](#)

A **permanent** foundation is a continuous weight bearing foundation supporting a modular or sectional home and engineered to resist external forces such as rain, wind, and snow.

- The perimeter foundation walls shall be supported by footings placed below the normal frost line. The modular or sectional home shall be attached and physically secured to the foundation. [ARSD 64:06:03:63](#)

## ***Mobile or Manufactured (HUD) Homes***

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A mobile or manufactured home, built to HUD standards, is subject to the initial registration fee based on the purchase price, including installation, as established by a bill of sale. If a bill of sale is not available, the retail book value will be used to establish the purchase price.

- No deduction is allowed for trade in allowances when calculating the initial registration fee.
- If a licensed dealer sells the home, it is the dealer's responsibility to register the home. The dealer collects the initial registration fee from the buyer, if applicable, and remits that to the county treasurer within 45 days of the sale.
- If the manufactured (HUD) home is purchased from someone other than a licensed dealer, it is the purchaser's responsibility to register and title the home within 45 days of the sale.
- Reciprocity may be granted if proof of a similar tax was paid to another state can be provided by the applicant.

The sale of a manufactured (HUD) home that is delivered out-of-state is not subject to the South Dakota initial registration fee.

Government or public entities specified in [SDCL 32-5-42](#) and [SDCL 32-5-42.1](#) are exempt from the initial registration fee.

Receipts from the sale or installation of a new or used mobile manufactured (HUD) home are exempt from sales, use, and contractor's excise tax.

- Installation may include blocking, skirting, tie-down, or placement on any type of foundation, including concrete piers.
- All materials and services purchased to construct a manufactured (HUD) home may be purchased for resale.
  - ⇒ The dealer may purchase the manufactured (HUD) home without tax from the manufacturer.

Contractors hired to install or setup a mobile or manufactured home should document in the contract or invoice that the receipts are for the setup or installation of a mobile or manufactured (HUD) home.

- The contractor owes sales or use tax on the material they provide to setup or install the home.

### ***Titling a Mobile or Manufactured Home***

When a new home is sold, the manufacturer's certificate of origin must be surrendered to the county treasurer's office where the home is located.

- If sold by a South Dakota dealer, it is the dealer's responsibility to submit to the county the certificate of origin and application for title along with the initial registration fee.
- The dealer will complete the [Mobile Home Listing Form and Assessment Record](#) form and send the completed form to the Director of Equalization of the county in which the manufactured home was delivered. The form shall be sent within 30 days after the delivery of the manufactured home.

When a used home is sold, the certificate of title must be surrendered to the county treasurer's office where the home is located.

- If sold by a South Dakota dealer, it is the dealer's responsibility to submit the certificate of title to the county. If the initial registration fee has been paid on the home in South Dakota, no further registration fees are due.
- The dealer will also complete the [Mobile Home Listing Form and Assessment Record](#) form and send it to the Director of Equalization of the county in which the manufactured home was delivered. The form needs to be sent within 30 days after the delivery of the manufactured home.
- If the home is sold by a non-dealer, it is the purchaser's responsibility to make application for title to the county treasurer.

### ***Indian Country***

A manufactured (HUD) home purchased by a Tribal member that will be located within any Indian Country in South Dakota is subject to 11.25% of the 4% initial registration fee.

#### **Example:**

A HUD home, purchased by a Rosebud tribal member, that will be located on the Rosebud reservation that sells for \$100,000 is subject to \$450 initial registration fee.

- $(\$100,000 \times 4\% \times 11.25\%) = \$450$

## Mobile or Manufactured (HUD) Homes (cont.)

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### **Transferred or Reassigned**

Any mobile or manufactured home that is transferred or reassigned must be accompanied by an affidavit stating all property taxes due and payable at the time of transfer have been paid in full as described in [SDCL 10-4-2.5](#) and [SDCL 10-21-37](#). Property taxes are due and payable as of January 1.

- If a manufactured home being sold is reclassified as exempt property, in addition to taxes due and payable at the time of the sale, the current year's real property taxes are due at the time of title transfer as described in [SDCL 10-4-2.7](#).

### **Moved, Destroyed, or Transferred from a Taxable to an Exempt Entity**

Any mobile or manufactured home that will be moved, destroyed, or transferred from a taxable to an exempt entity must be accompanied by an affidavit stating all property taxes are due and payable (the tax bill in hand) and all current year's property taxes have been paid. The county treasurer will estimate the current year's property taxes based on the existing tax levies.

- If a mobile or manufactured home is destroyed, the owner must submit a landfill ticket or proof of destruction to the Director of Equalization.

#### **Example:**

For a movement, destruction, or transfer from a taxable to an exempt entity on September 1, 2019, all the 2018 pay 2019 taxes (and any earlier unpaid taxes) **PLUS** the estimated 2019 pay 2020 taxes must be paid.

### **Moving a Mobile or Manufactured (HUD) Home**

A transportation company or house mover's receipts for moving a mobile or manufactured HUD home are not subject to sales tax or contractor's excise tax.

### **Permit Required**

Any person who moves a mobile home or manufactured (HUD) home must obtain a permit from the county treasurer where the home is located.

- The permit is valid for a single trip from the point of origin to a point of destination within the state.
- Before the county treasurer may issue a permit, an affidavit must be obtained from the county treasurer stating that the current year's taxes are paid as described in [SDCL 10-21-36](#) to [SDCL 10-21-39](#) or [SDCL 10-9-3.2](#).
  - ⇒ The permit fee for mobile homes and manufactured homes for use on public highways is \$15.
- A dealer must obtain self-issued permits from the department and must display the permit when moving a new or used mobile or manufactured home.
- The department will assess a monetary penalty on the following if the proper permit is not obtained prior to moving the mobile or manufactured home:
  - ⇒ owners of a used mobile or manufactured home;
  - ⇒ regulated lenders who are repossessing a used mobile or manufactured home;
  - ⇒ transporters of a used mobile or manufactured home;
  - ⇒ manufacturer or licensed dealer who is moving, repossessing, trading, purchasing, or receiving onto the manufacturer's or licensed dealer's lot a used mobile or manufactured home.

#### **Monetary Penalties for Failure to Obtain Permit**

- \$250 for the first violation
- \$500 for the second violation within a one-year period
- \$1,000 for each subsequent violation within a one-year period

## Mobile or Manufactured (HUD) Homes (cont.)

### Surrender of Title to Real Estate

An owner of a mobile or manufactured home may choose to surrender the title to the home to their county treasurer to have the record flagged as real estate.

- **If the title is not in the owner's name:** the title or certificate of origin properly assigned, an application for title, title fee, any initial registration fees due, along with the [Mobile/Manufactured Home Affidavit](#), if applicable, is submitted to the county treasurer's office
- **If the title is already in the name of the owner requesting conversion:** the title along with the [Mobile/Manufactured Home Affidavit](#) is surrendered to the county treasurer's office
- No lien will be recorded in the system
- Current mobile/manufactured home taxes will have to be paid and the county treasurer must complete the tax section of the [Mobile/Manufactured Home Affidavit](#)
- No title document is generated and the mobile or manufactured home is flagged as Real Estate in the Motor Vehicle Division's system
- Notifications from the Motor Vehicle Division are sent to the Division of Property Tax and the appropriate Director of Equalization office

### Obtaining a Title After Title is Surrendered

An owner of mobile or manufactured home may choose to obtain a title on a mobile or manufactured home whose title was surrendered.

- Before the mobile or manufactured home is removed from real property, the owner will submit the following to the county treasurer's office where the home is located:
  - ⇒ A current tax affidavit;
  - ⇒ An affidavit stating that the home is no longer subject to real property mortgage or any other lien; and
  - ⇒ An independent report that lists the legal description of the real estate upon which the mobile or manufactured home is located and contains an affidavit stating a lien search was conducted of all records of the register of deeds, clerk of courts, the treasurer in the county where the mobile or manufactured home is located, and the Secretary of State shall reveal any liens revealed by that search.
    - Any liens or encumbrances against the mobile or manufactured home or the real estate upon which the home is located must be released or proper paperwork must be submitted to notate the lien on the title.
  - ⇒ Application for title, listing the current owner of the mobile or manufactured home and how the title should read.
  - ⇒ The department is not responsible for any mistakes in the issuance of the title resulting from documents provided pursuant to [SDCL 32-3-3.3](#).

### Furniture and Accessories

Furniture and accessories sold with a manufactured (HUD) home **ARE** subject to applicable sales or use tax.

- Furniture and accessories are not included in the amount subject to the initial registration fee.
- To lookup the sales and use tax rate for a given address, visit the Department of Revenue's [TaxMatch tool](#).

Some home sales include an allowance for furniture and accessories. If the dealer pays sales tax on the purchase of the furniture and accessories and the price is not increased when billed to the customer, the dealer does **NOT** owe additional sales tax on those items.

- The dealer owes sales or use tax on these items if the price is increased or if the items are purchased for resale.
- A dealer may purchase furniture and accessories for resale such as tables, chairs, sofas, washers, or dryers.

Standard features are a part of the home and included in the price of the manufactured (HUD) home subject to the initial registration fee. Examples of standard features: oven/stove, refrigerator, furnace, water heater, dishwasher, air conditioner, electrical panel.

- Sales or use tax should be paid on the refrigerator and oven/stove when purchased to sell with a used home because the used home is not subject to the initial registration fee.

**For more information and forms needed for titling and surrendering a title on a mobile or manufactured (HUD) home, refer to the Motor Vehicles Division information on our website [dor.sd.gov](http://dor.sd.gov) or call 605.773.3541.**

## Mobile or Manufactured (HUD) Homes (cont.)

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### **Construction of Related Structures**

Contractors that construct or install the following, but do not attach or setup the manufactured home, are subject to the contractor's excise tax plus sales or use tax on the material: foundations, concrete piers, sidewalks and driveways, sheds, decks, and garages.

### **Repairs to Mobile or Manufactured Homes**

Owned by Dealer: Repair parts and services to mobile or manufactured homes that the dealer has for sale on the dealer's lot can be purchased for resale.

Owned by Homeowner: Repairs to mobile or manufactured homes for the homeowner completed at either the dealer's lot or on private property are subject to contractor's excise tax. All repair material and supplies are subject to applicable sales or use tax.

#### **Examples:**

1. *A dealer hires a contractor to replace a furnace in a manufactured home on the dealer's lot.*
  - The dealer may purchase the furnace and labor for this project for resale because the work is on a product held for sale on the dealer's lot.
2. *A dealer is hired by the homeowner to replace a window broken by hail.*
  - The dealer owes use tax on the material and contractor's excise tax on their receipts.

### **Abandoned Mobile or Manufactured Homes**

[SDCL 21-54-15 thru 21](#), allows for a mobile or manufactured home to be considered abandoned after the property owner has obtained a writ of possession from the court and given the owner of the home written notice of intent to sell the mobile/manufactured home if it is not removed from the property within 30 days.

After the owner of the home has been provided 30 days written notice, the property owner must provide a copy of the written notice to the county treasurer. If the treasurer has not issued a distress warrant and informed the property owner of such issuance within 30 days or the home has not been removed by the owner, the property owner may proceed with the sale of the home. If the abandoned home does not sell, the home is irrevocably vested with the owner of the real property and they may obtain an abandoned title to the home without payment or obligation to pay any taxes owed on the home at time of acquisition.

If the home is being disposed of, the real property owner must complete an [Affidavit for Disposal of an Abandoned Mobile or Manufactured Home](#) and submit to the county treasurer. The county treasurer will then submit a copy of the affidavit to the board of county commissioners, which will abate any taxes owed on the home. (If the property owner has intentions other than disposal of the home, the property owner applies for the abandoned title and must pay all taxes owed on the home.)

An owner of an unencumbered home may voluntarily transfer the title to the owner of the property the home is located on for the sole purpose of disposal. The real property owner must complete an [Affidavit for Disposal of an Abandoned Mobile or Manufactured Home](#) and submit it to the county treasurer. The county treasurer will pass it on to the board of county commissioners, which shall abate any taxes owed on the home.

As long as an abandoned mobile or manufactured home is being disposed of, the property taxes owed on the home are abated.

### **Warranty**

Warranty charges separately stated on the invoice are subject to tax based on the items covered by the warranty.

- Sales tax applies when the warranty is for parts only or for sales taxable services.
- Contractor's excise tax applies when the warranty covers labor and parts that are subject to the contractor's excise tax.

## Modular, Sectional Homes, and Houses Built on Blocks

These homes are not titled and not subject to the initial registration fee. The following explains the tax liabilities on the construction, sale, and installation of a modular or sectional home or a house on blocks built to Uniform Building Code (UBC) or other local building code standards. Such buildings are subject to sales or use tax and contractor's excise tax.

### **Dealer sells a sectional home with installation.**

Installation includes any one or combination of the following:

- connecting the home to the permanent foundation;
- connecting the electrical system; or
- connecting the plumbing.

The dealer is a prime contractor if the dealer provides installation. The dealer owes the following taxes:

- Applicable sales or use tax on the cost of materials used to construct the home.
- Contractor's excise tax if the home is installed in South Dakota. The contractor's excise tax is not due if the home is installed at a location outside of South Dakota.
- If the dealer does not have the contract to build the foundation, the dealer does not include the value of the foundation in their gross receipts subject to contractor's excise tax.
- Use tax is due based on where the dealer takes possession of the home. If the home is on the dealer's lot, use tax applies based on that location when the home is removed from inventory.
  - ⇒ Additional use tax may be due if the home is placed on a permanent foundation in another location that imposes a higher use tax rate.

### **Examples:**

1. *A dealer in Pierre sells, delivers, and installs a sectional home on a permanent foundation at a location outside city limits for \$85,000 plus tax. The cost of materials used to construct the home is \$42,000. The home is taken from the dealer's lot in Pierre.*
  - The dealer owes state use tax, plus Pierre municipal use tax on the \$42,000 because the home is removed from the dealer's inventory in Pierre. ( $\$42,000 \times (4.5\% + 2\%) = \$2,730$ )
  - The dealer owes contractor's excise tax on the total gross receipts, which include the use tax from the sale and installation of the home. ( $(\$85,000 + \$2,730) \times 2\% = \$1,754.60$ )
2. *A Rapid City dealer sells a home with installation and delivers the home to Wyoming for \$85,000 plus tax. The dealer removes the home from their lot in Rapid City. Because the dealer has the contract to install the home, the dealer is the prime contractor.*
  - The dealer owes the state sales tax plus the Rapid City use tax on the cost of material used to construct the home because the home was removed from his inventory in Rapid City. ( $\$42,000 \times (4.5\% + 2\%) = \$2,730$ )
  - The dealer does not owe contractor's excise tax because the installation of the home is not in South Dakota.
3. *A dealer sells a sectional home. The manufacturer delivers and connects the plumbing and electrical systems. The manufacturer delivers the home directly to the rural location. The cost of the materials used to construct the home is \$42,000.*
  - The dealer owes state use tax on the \$42,000 because possession was taken outside of city limits. ( $\$42,000 \times 4.5\% = \$1,890$ )
  - The dealer owes contractor's excise tax on the total gross receipts, which include the use tax from the sale and installation of the home. ( $(\$85,000 + \$1,890) \times 2\% = \$1,737.80$ )

### **Dealer sells a sectional home but does not do the installation.**

- The sale of the home without installation is a retail sale of products subject to sales tax based upon the fair market value of the raw materials used to construct the home.
  - ⇒ Sales tax is due based on where the home is delivered to the customer.
  - ⇒ If the home is delivered to another state, South Dakota sales tax is not due.
  - ⇒ Any hired contractor is responsible for South Dakota contractor's excise tax.
- The manufacturer of a modular or sectional home may sell the home for resale to a dealer. The manufacturer may purchase all materials and labor to construct a modular or sectional home for resale.
  - ⇒ The dealer is responsible for sales tax when the home is sold to the end consumer.

### **Example:**

*A dealer sells and delivers a sectional home to Pierre for \$70,000, but the dealer's contract does not include installation.*

- The dealer owes state sales tax plus Pierre municipal sales tax on the cost of the raw materials. ( $\$42,000 \times (4.5\% + 2\%) = \$2,730$ ) The dealer bills the customer ( $\$70,000 + \$2,730 = \$72,730$ ).

## ***Modular, Sectional Homes, and Houses Built on Blocks (cont.)***

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### ***Contractor is hired to install sectional home on a permanent foundation.***

The contractor hired by the homeowner to install the home on the permanent foundation is the prime contractor and owes contractor's excise tax on the total gross receipts.

- The prime contractor that installs a home that was purchased by the homeowner must include the homeowner's cost of the home as part of their receipts subject to contractor's excise tax.
  - ⇒ The home is reported as owner furnished material.
- If no sales or use tax was paid on the purchase of the home by the homeowner or the contractor, the contractor is responsible for the applicable use tax on the cost of the raw materials used to construct the home.

### ***Contractor is hired to only connect the electric or plumbing systems.***

Contractors hired by the homeowner to connect the electric or the plumbing systems owe contractor's excise tax on their charge for the service.

- The contractor will owe use tax on any material installed if sales or use tax was not previously paid.
- The contractor will not owe contractor's excise tax on the value of the home.

### ***Display Homes***

Display models that are in inventory for sale are not subject to sales or use tax provided the sectional (UBC) home is not used for business purposes, such as an office or storage space.

Contractors hired to setup a sectional home as a display model on the dealer's lot owe the contractor's excise tax on their receipts, but do not include the value of the home in their taxable receipts.

If a sectional (UBC) model is used by the business for office or storage space, use tax applies to the cost of the material used to construct the home.

- When the sectional (UBC) home is later sold without placement on a foundation, the dealer will not owe additional use tax on the material because the dealer already remitted the use tax.

### **Example:**

*The homeowner hires a contractor to build a foundation and put the home on a permanent foundation in Pierre for \$15,000. The homeowner paid \$72,436 for the home.*

- The contractor is responsible for the 2% contractor's excise tax on the \$15,000, plus the \$72,436 the owner paid for the home.  
 $((\$15,000 + \$72,436) \times 2\% = \$1,748.72)$



## Sectional Homes

|   | Sales or Use Tax           | Excise Tax | Description  |
|---|----------------------------|------------|--|
| <b>Display Homes</b>                              | Varies                     | Varies     | <p>Display models that are in inventory for sale are not subject to sales or use tax provided the sectional (UBC) home is not used for business purposes, such as an office or storage space.</p> <p>Contractors hired to setup a sectional home as a display model on the dealer's lot owe the contractor's excise tax on their receipts, but do not include the value of the home in their taxable receipts.</p> <p>If a sectional (UBC) model is used by the business for office or storage space, use tax applies to the cost of the material used to construct the home.</p> <ul style="list-style-type: none"> <li>When the sectional (UBC) home is later sold without placement on a foundation, the dealer will not owe additional use tax on the material because the dealer already remitted the use tax.</li> </ul> |
| <b>Foundations</b>                                | Yes - on materials         | Yes        | Contractors hired by the owner to build the foundation are subject to contractor's excise tax.   |
| <b>Garage, Decks, &amp; Sidewalks</b>             | Yes - on materials         | Yes        | The installation or building of garages, sidewalks, and decks are subject to contractor's excise tax.  |
| <b>Speculative Builders</b>                       | Yes - on materials         | Yes        | Speculative builders are subject to contractor's excise tax if they sell a modular home that was placed on land the speculative builder owned. This includes if they buy, remodel, and resell a modular home. For more information, visit the Speculative Builders Tax Fact <a href="#">here</a> .   |
| <b>House Moving &amp; Transportation Services</b> | No                         | Varies     | <p>A transportation company's receipts for moving a sectional home (UBC) from the manufacturer to the dealer are not subject to sales tax or contractor's excise tax.</p> <p>A house mover that moves a home that is on a permanent foundation is subject to the contractor's excise tax.</p> <ul style="list-style-type: none"> <li>The house mover owes contractor's excise tax on the gross receipts for the project.</li> <li>The house mover does not owe the contractor's excise tax on the value of the home.</li> </ul>  |
| <b>Mobile Classrooms</b>                          | Yes - unless exempt entity | Yes        | <p>Sectional buildings (UBC) used for classrooms or other purposes that are not placed on a permanent foundation are subject to state and applicable sales tax based on where the structure is delivered.</p> <p>Sales of sectional buildings (UBC) to <u>schools</u> in South Dakota that are not placed on a permanent foundation are <u>exempt</u> from sales tax.</p> <p>The installation of a sectional building (UBC) on a permanent foundation is subject to contractor's excise tax and use tax on the material. <u>No exemptions</u> apply to these taxes.</p>  |
| <b>Platform Deposits or Carrier Frames</b>        | Yes - deposit only         | No         | Platforms or carrier frames are used to ship sectional homes. The sales tax can be refunded when the deposit is returned.  |
| <b>Warranty</b>                                   | Varies                     | Varies     | <p>Warranty charges separately stated on the invoice are subject to tax based on the items covered by the warranty.</p> <ul style="list-style-type: none"> <li>Sales tax applies when the warranty is for parts only or for sales taxable services.</li> <li>Contractor's excise tax applies when the warranty covers labor that is subject to the contractor's excise tax or labor and parts.</li> </ul>  |
| <b>Trade In Allowances</b>                        |                            |            | No deduction is allowed for trade in allowances when calculating sales, use, or contractor's excise tax.   |
| <b>Indian Country Sales</b>                       |                            |            | For information on the application of sales, use, and contractor's excise tax for sales and installation of sectional homes (UBC) delivered to Indian Country or work done on Indian Country, visit the Tribal Tax Fact <a href="#">here</a> .   |

### Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

**Call toll-free:** 1-800-829-9188

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