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BILL ANALYSIS

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House Bill 5839 (as reported without amendment)
Sponsor: Representative Dave Hildenbrand
House Committee: Local Government and Urban Policy
Senate Committee: Local, Urban and State Affairs

Date Completed: 7-24-06

RATIONALE

The Mobile Home Commission Act sets a \$45 fee for a certificate of title to a mobile home, and the Act and administrative rules establish various other mobile home-related fees, such as a fee for a dealer license, a license to operate a mobile home park, or a permit to construct a park. The Department of Labor and Economic Growth (DLEG) uses the fee revenue to support its regulation of manufactured housing in Michigan. Evidently, DLEG will not collect enough from the fees to cover its regulatory activities in fiscal year 2005-06. Some people believe that the \$45 title fee should be raised to provide DLEG with the revenue needed to fund its regulation of mobile homes.

CONTENT

The bill would amend the Mobile Home Commission Act to do the following:

- **Create the "Mobile Home Code Fund" and require money collected under the Act to be deposited in the Fund.**
- **Increase the fee to title a mobile home from \$45 to \$90.**
- **Codify nonrefundable fees for an application for plans approval, a permit for new park construction or for the expansion of an existing park, and other construction, expansion, or conversion.**
- **Provide for a three-year mobile home park or seasonal mobile home park license, rather than a one-year license.**
- **Codify the fees for a three-year license to operate a mobile home park or a seasonal mobile home park.**

- **Provide for a three-year license, rather than a one-year license, for mobile home dealers, installers, and repairers.**
- **Require the Mobile Home Commission and the Department of Community Health to promulgate rules, and require the Commission to promulgate the Mobile Home Code, after consulting with representatives of the manufactured housing industry and other interested parties.**

Mobile Home Code Fund

The bill would create the Mobile Home Code Fund to accomplish the objectives of the Act. The Director of DLEG would have to supervise and administer the Fund. Fees received by DLEG and money collected under the Act would have to be deposited in the Fund and appropriated by the Legislature for the operation of the Bureau of Construction Codes and Fire Safety and indirect overhead expenses in the Department. Funds that were not spent at the end of each fiscal year would have to be returned to the Fund.

The State Treasurer would be the custodian of the Fund and could invest its surplus in investments that in his or her judgment were in the Fund's best interest. Earnings from the investments would have to be credited to the Fund. The State Treasurer would have to report to the DLEG Director and the Legislature the amount of interest credited and the balance of the Fund as of September 30 each year.

The bill states that fees established by the Act for the issuance of licenses, plans approval, permits, certificates of title, and affidavits of affixture "are intended to bear a reasonable relation to the cost, including overhead, of the service".

On at least a quarterly basis, the DLEG Director or an authorized representative of the Director would have to report to the Commission on the expenditure of all fees collected under the Act and the relation of the expenditures to the enforcement and administration of the Act.

Nonrefundable Fees

The bill would establish in the Act a nonrefundable fee for an application for plans approval and a permit for new mobile home park construction or for the expansion of an existing licensed mobile home park. The fee would be \$185 plus an additional \$4 for each home site over 25, to a maximum of \$1,000. The nonrefundable fee for an application for an extension of a permit to construct would be \$185.

The nonrefundable fee for the construction of a new home condominium or the expansion of an existing home condominium would be \$505, plus an additional \$4 for each home condominium home site over 25 home sites that was to be constructed.

The nonrefundable fee for an existing licensed mobile home park that converted to a home condominium with an increase in the number of sites would be \$505, plus an additional \$4 for each home condominium home site over 25 sites, to a maximum of \$1,480.

The nonrefundable fee for an application for a permit to construct for an alteration to an existing mobile home park would be \$50.

Three-Year License to Operate

Under the Act, a person may not operate a mobile home park or seasonal mobile home park without a license. An annual license must be granted and renewed by DLEG based upon the certifications and recommendations of the appropriate agencies and local governments. Under the bill, a three-year license would have to be granted.

The fee for the three-year license to operate a mobile home park would be \$225, plus an additional \$3 for each home site in excess of 25 home sites in the park, or a smaller amount when permitted by Commission rule. The fee for a three-year license to operate a seasonal mobile home park would be \$120, plus an additional \$1.50 for each mobile home site in excess of 25 sites in the park, or a smaller amount when permitted.

(The Act allows the Mobile Home Commission to promulgate rules to adjust certain fees established in the Act such that the revenue obtained equals appropriations by the Legislature for the purpose of administering the Act. The adjusted fees may not exceed the Act's listed fees for a mobile home park license, dealer's license, certificate of title, or title transfer.)

Dealer License

Under the Act, a mobile home dealer may not engage in the retail sale of a mobile home without a license. A mobile home dealer, mobile home installer, or repairer may apply to the Commission for an initial or renewal license. An initial or renewal license must be issued for not more than one year. Under the bill, an initial or renewal license would have to be issued for three years.

Under the Act, the annual license fee for a mobile home dealer is \$150 or a smaller amount when permitted by rule, and the annual license fee for a mobile home installer or repairer is \$50 or a smaller amount when permitted. Under the bill, the license fee for a dealer would be \$450 or a smaller amount when permitted, and the license for a mobile home installer or repairer would be \$150, or a smaller amount when permitted.

Certificate of Title

Under the Act, an owner of a mobile home subject to the Act's certificate of title provisions must apply to DLEG for the issuance of a certificate of title for the mobile home and pay a fee of \$45 or a smaller amount when permitted. The bill would increase the fee to \$90.

Under the Act, the purchaser or transferee of a mobile home, unless a licensed dealer, must present to DLEG a certificate of title

accompanied by a fee of \$45. (If the sale, assignment, or other transfer will require the addition or removal of the owner's spouse, or a person related to the owner or the spouse within the fourth degree of consanguinity, however, the fee is \$15. A lesser amount also may be established by the Commission.) The bill would increase the \$45 fee to \$90.

DCH Inspections

The Act requires the Department of Community Health (DCH) or its authorized representative to conduct an annual physical inspection of mobile home parks and seasonal mobile home parks in accordance with standards established by the DCH. If a mobile home park is approved, the DCH must issue a certification of compliance to DLEG that the park is licensable. The bill would delete the requirement for a certificate of compliance. Under the bill, if a park were approved, DLEG would have to issue a license to operate the park.

The Act also requires the DCH to promulgate rules for mobile home parks and seasonal mobile home parks setting forth minimum standards regulating the following:

- The water supply system.
- The sewage collection and disposal system.
- Drainage.
- Garbage and rubbish storage and disposal.
- Insect and rodent control.
- General operation, maintenance, and safety.
- Certification of compliance (as described above).

Under the bill, the DCH would have to promulgate the rules after consultation with and considering comments from representatives of the manufactured housing industry and other interested parties.

Mobile Home Commission

The Act allows the Mobile Home Commission to promulgate rules to implement and administer the Act. Under the bill, the Commission could promulgate rules after consultation with and considering comments from representatives of the manufactured housing industry and other interested parties.

The Act requires the Commission to promulgate the Mobile Home Code. Under the bill, the Commission would have to promulgate the Code after consultation with and considering comments from representatives of the manufactured housing industry and other interested parties.

MCL 125.2304 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

Increasing the fee to title a mobile home from \$45 to \$90 would provide DLEG with enough revenue to fund fully its regulation of manufactured housing. The mobile home title fee and other fees collected under the Act would have to be deposited in the proposed Mobile Home Code Fund, and be appropriated by the Legislature for the operation of the Bureau of Construction Codes and Fire Safety and indirect overhead expenses in the Department.

Additionally, the bill would codify certain administrative rules to allow DLEG to regulate manufactured housing in Michigan more efficiently.

Response: The owners of manufactured housing in Michigan already pay enough fees and taxes and should not have to pay an increased title fee.

Legislative Analyst: J.P. Finet

FISCAL IMPACT

The bill would increase the fee to title mobile homes from \$45 to \$90. This would increase revenue available to the Bureau of Construction Codes in the Department of Labor and Economic Growth by an estimated \$1.4 million annually to support mobile home regulation. For the last five years, the expenses of mobile (manufactured) home regulation have exceeded the program's revenue. A carry-forward balance has been gradually reduced to support the program; however, this balance will be exhausted by the end of FY 2005-06. The proposed increase in the title fees would bring the program budget back into balance.

The remaining fee provisions are contained in existing administrative rules.

The bill would have no fiscal impact on local government.

Fiscal Analyst: Elizabeth Pratt
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.