



Senate Fiscal Agency
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Senate Bill 486 through 490 (as introduced 9-13-23)

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Senator Sylvia Santana (S.B. 489)
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Committee: Housing and Human Services

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INTRODUCTION

Largely, the bills would amend the Mobile Home Commission Act to modify licensure requirements for owners of mobile home parks and seasonal mobile home parks (park) and the duties of entities involved in the regulation of parks. The bills also would require the Department of Licensing and Regulatory Affairs (LARA) to revise the Mobile Home Code (administrative rules regulating parks). To licensure, the bills would establish provisional licensure for park owners, increase license fees, and prohibit an unlicensed owner from collecting rent; a resident charged by an unlicensed owner could bring an action in court. To regulatory duties, the Manufactured Housing Commission would have to review an owner's rent increase and approve it if it were justifiable (based on inflation). The Department would have to establish a database for owner and licensure information and require notification of any ownership changes or proposed land use changes; an owner would have to allow a homeowner's association (HOA) to express interest in purchasing the park in this case. The bills also would allow LARA to contract with local governments to complete park inspections.

PREVIOUS LEGISLATION

(This section does not provide a comprehensive account of previous legislative efforts on this subject matter.)

Senate Bill 488 is a reintroduction of House Bill 4304 of the 2021-2022 Legislative Session.
Senate Bill 490 is a reintroduction of House Bill 4303 of the 2021-2022 Legislative Session.

BRIEF FISCAL IMPACT

The bills would have a significant but indeterminate fiscal impact on State government and an indeterminate fiscal impact on local units of government. The increase in annual fees for licenses likely would increase revenue to the Mobile Home Code Fund by approximately \$500,000 annually, although this would be partially offset by increased administrative costs. Additional fines also could increase revenue. Other fiscal impacts on the State could include expenditures or savings related to interdepartmental consulting, court caseload changes, and possible civil actions, but the impact likely would be negligible. Additionally, local units of government could experience increased costs for inspections, but these would depend upon the details of specific contracts.

MCL 125.2302 et al. (S.B. 486)
125.2317 et al (S.B. 487)
Proposed MCL 125.230j (S.B. 488)
125.2335 et al. (S.B. 489)
Proposed MCL 554.634a (S.B. 490)

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CONTENT

Senate Bill 486 would amend the Mobile Home Commission Act to do the following:

- Rename the Mobile Home Commission to the Manufactured Housing Commission (Commission).
- Modify the Commission's membership.
- Require LARA to establish a database of all park owners and make the database available on its website, by July 1, 2024.
- Require LARA to revise the Mobile Home Code by July 1, 2025, and specify that the revised rules would have to include requirements for installers, repairs, inspections, and retailers.
- Allow local governments to adopt ordinances to require the owner of a mobile home to post a surety bond to cover health and safety related expenses.
- Require the Commission to consult with local governments before recommending rules to LARA.
- Require LARA, in consultation with the Commission, to promulgate rules for determining if a park were distressed.
- Allow an owner of a distressed park to appeal LARA's determination and prescribe the appeals process.
- Require an owner of a park to apply for a provisional license if the park had not previously been licensed, beginning July 1, 2024.
- Establish licensure requirements in the Act.
- Reduce, from three years to one year, the term of a mobile home park license, beginning January 1, 2025.
- Specify that LARA would have to establish a way for the public to report potentially unlicensed park owners.
- Require an owner of a park to notify LARA within 30 days of the sale of the park or if an owner died.
- Prescribe the penalties for a failure to update LARA with any required information upon subsequent license renewal.
- Specify that regulation and licensure of a park would fall to a park owner instead of a park operator.
- Require an owner of a park to post a copy of the owner's license in an accessible location and allow LARA to impose a civil fine of up to \$5,000 for not doing so.
- Increase license fees for a park.
- Prescribe requirements for license renewal.
- Prohibit an unlicensed park owner from collecting rent, allow a resident to bring an action in court for a violation of the prohibition, and require the court to appoint a receiver to operate a park in violation of the prohibition.
- Allow an owner of a park to seek approval from the Commission for a rent increase.

Senate Bill 487 would amend the Mobile Home Commission Act to do the following:

- Allow LARA to enter into an agreement with an appropriate local government to conduct an inspection of a park.
- Allow LARA to charge a reinspection fee if a park needed to be reinspected.
- Require the owner of a park to retain records of granted design and construction variances.
- Require LARA to promulgate rules pertaining to training and educational requirements for installers and repairers of parks.

- Prohibit a park owner from engaging in unfair or deceptive practices such as charging more for utilities than a utility service, mandating exclusive rent payments, or charging unrelated fees for reasonable health and safety costs.
- Prescribe certain requirements of park lease agreements, including a minimum lease length of one year.

Senate Bill 488 would amend the Mobile Home Commission Act to prescribe the conditions under which a mobile home park owner could declare a mobile home in the park abandoned and the process that a mobile home park owner would have to follow to obtain the title of the abandoned mobile home.

Senate Bill 489 would amend the Mobile Home Commission Act to do the following:

- Require the owner of a park to notify LARA, an applicable local government, and certain residents of the intent to change land use or sell the park.
- Specify how residents would have to be notified based on the presence of a HOA within the park
- Allow an HOA or cooperative to express interest in purchasing the park and specify the procedure for an owner to consider the offer and complete the sale with the HOA or cooperative.
- Prescribe the process for residents to bring legal action for damages if an owner did not comply with the notice requirement.
- Allow the Commission to impose a maximum administrative fine of \$5,000 for a violation of the Act.
- Prescribe the process for LARA to identify and attempt to remedy an unlicensed park owner.
- Prescribe a maximum fine of \$100,000 after notice and hearing for an unlicensed park owner who did not apply for a license within 30 days.
- Prescribe that fines could be collected through a judgment lien or writ of garnishment issued by the Department of Treasury.
- Allow the Attorney General to bring a civil action to recover unpaid fines or fees.

Senate Bill 490 would amend the Truth in Renting Act to reflect the leasing requirements proposed by **Senate Bill 487**.

Senate Bill 486 through 490 are tie-barred.

Senate Bill 486

"Recreational vehicle" means a vehicle primarily designed and used as temporary living quarters for recreational camping, or travel purposes, including a vehicle having its own motor power or a vehicle mounted on or drawn by another vehicle. Instead, under the bill, the term would mean a vehicle that has been certified and has the appropriate label that shows it has been built using the standards for recreational vehicles as described in NFPA 1192 or is a vehicle that meets any of the following conditions:

- Is built on a single chassis.
- Is designated to be self-propelled or permanently towable by a light duty truck, car, or sports utility vehicle.
- Is regulated by the National Highway Traffic Safety Administration as a vehicle or vehicle equipment.
- Does not require a special highway use permit for operation on the highways.
- Is designated and marketed as primarily not for use as a permanent dwelling but as temporary living quarters for recreational, camping, travel, or seasonal use.

- Is easily transported and set up daily by an individual.

The term would not include a mobile home.

(Generally, NFPA 1192 is the National Fire Protection Association's published standards on recreational vehicles, including standards for fire and carbon monoxide detection, egress, plumbing, and other safety-related systems.)

"Unjustifiable rent increase" would mean a net increase in combined lot rent and other fees above the increase in the Consumer Price Index (CPI).

Manufactured Housing Commission Membership & Duties

The Mobile Home Commission is created within LARA. The bill would rename the Mobile Home Commission to the Manufactured Housing Commission.

Currently, the Mobile Home Commission consists of eleven members appointed by the Governor with advice and consent of the Senate, each of whom must be residents of the State. The members of the Mobile Home Commission must include the following:

- A representative of an organization whose membership consists of mobile home residents.
- A representative of financial institutions.
- Two operators of a licensed mobile home park having 100 or more sites and one operator or a licensed mobile home park having fewer than 100 sites.
- A representative of organized labor.
- An elected official or a local government.
- One resident of a licensed mobile home park having 100 sites.
- One resident of a licensed mobile home park having fewer than 100 sites.
- A manufacturer of mobile homes.

Under the bill, the members of the Commission would have to include the following:

- A representative of an organization whose membership consists of mobile home residents.
- A representative of financial institutions.
- An owner of a licensed mobile home park.
- An elected official or a local government.
- A resident of a licensed mobile home park.
- A manufacturer of mobile homes.
- A representative of a legal aid group.
- A representative of a housing advocacy organization.
- A director of a State department or the designee of the director.

"Mobile home" means a structure that is transportable in one or more sections, built on a chassis and designed to be used in a dwelling, with or without a permanent foundation, when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained in the structure.

Under the bill, the term would mean a structure that is *built before June 5, 1976* and is transportable in one or more sections, built in a chassis, and designed to be used as a dwelling, with or without a permanent foundation, when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems contained in the structure or a structure that meets all the following requirements:

- Is built on or after June 5, 1976.
- Complies with the Manufactured Housing Construction and Safety Standards Act.
- Displays the required red certification label on the exterior of each transportable section.

Among other duties, the Commission may recommend rules to LARA to implement and administer the Act after seeking consultation with and considering comments from representatives of the manufactured housing industry and other parties. Under the bill, the Commission could recommend rules to LARA after seeking consultation with *local governments* and other interested parties.

The Act prescribes the duties of the Director or an authorized representative of the Director. Under the bill, these duties would apply instead to LARA. Additionally, LARA could employ an appropriate number of employees with the appropriate qualifications to implement and enforce the provisions and rules of the Act, including staff to conduct community inspections, review financial information, manage the licensing process, and investigate the potential violation of the Act's rules and provisions.

Park Database

By July 1, 2024, LARA would have to establish a database of park owners that included every licensed owner's contact information, license number, and current licensing status. The bill would specify that so long as the database complied with the provisions described below, LARA could utilize an existing database. The database would have to be available to the public on LARA's website and would have to include each owner that had a license to operate a park.

Under the bill, LARA would have to establish a method on its website for the public to submit a reporting form regarding potentially unlicensed park owners. The bill would require LARA to update the database within 30 days of a change in licensure status. The database would have to provide a way for a park owner to update contact information.

Every park owner would have to designate an individual who was an owner, officer, director, or employee of the park owner as the owner's designee to communicate with LARA and provide that individual's contact information, including the current street address, monitored email address, and operational telephone number.

An owner would have to notify LARA within 30 days of a sale of the park and would also have to provide such notification if the owner's designee changed or the owner died. If the owner failed to update any required information, upon subsequent application to renew the park, LARA would have to charge a \$100 processing fee to update the information to process the license application. If the owner failed to update the information more than once after LARA assessed the additional processing fee, LARA would have to consider the subsequent failure to update the information as a condition for licensure.

Mobile Home Code Rule Revisions

The Act requires LARA to promulgate rules under the Mobile Home Code after consultation with and considering comments from representatives of the manufactured housing industry and other interested parties. The rules must govern all the following:

- The licensure, density, layout, permits for construction, construction of mobile home parks including standards for roads, utilities, open space, or proposed recreational facilities, and safety measures sufficient to protect health, safety, and welfare of mobile home park residents, except water supply sewage collection and treatment, and drainage facilities which are regulated by the Department of Environment, Great Lakes and Energy (EGLE).

- The business, sales, and service practices of mobile home dealers.
- The business practices of mobile home installers and repairers.
- The licensure and regulations of mobile home installers and repairers.
- The setup and installation of mobile homes inside parks.
- The regulation of the responsibilities, under the mobile home warranty, of the mobile home components manufacturer, the mobile home assembler or manufacturer, and the mobile home dealer, including the time period and relationships of each under the warranty, and the remedies available, if any, if the responsible parties cease to operate as a business.
- Certain abuses concerning deposits, listings, disclosures, and used mobile homes.
- Applications for and issuance of certifications for title for mobile homes.

The bill would require that by July 1, 2025, LARA revise the Mobile Home Code after seeking consultation with the Commission, local governments, and other interested parties. The revisions would have to consist of rules governing all the following:

- The density, layout, permits for construction, construction of mobile home parks including standards for fire hydrants, roads, road signs, utilities, open spaces, or proposed community buildings and recreational facilities, and safety measures sufficient to protect health, safety, and welfare of mobile home park residents, except water supply sewage collection and treatment, and drainage facilities that were regulated by EGLE.
- The business, sales, and service practices of mobile home dealers, including requiring advertisements to contain contact information, as well as placing parameters on dealer sales financing practices and terms, claims, and conditions to the sale of a mobile home.
- The business practices of mobile home installers and repairers, including training and licensing requirements for individuals who install and repair mobile homes in parks.
- The setup and installation of mobile homes inside parks.
- The regulation of the responsibilities, under the mobile home warranty, of the mobile home components manufacturer, the mobile home assembler or manufacturer, and the mobile home dealer, including the time period and relationships of each under the warranty, and the remedies available, if any, if the responsible parties cease to operate as a business.
- Certain abuses concerning deposits, listings, disclosures, and used mobile homes.
- Applications for and issuance of certificates for title for mobile homes.
- Inspections, including audit inspections of parks.
- Retailers and their agents' practices as well as prohibited practices, including violations of the Act and the rules promulgated under the Act, acting on an unlicensed person's behalf, allowing a license to be used by an unlicensed person, disclosure of retailers' interest to third parties, and disclosure of retailers' interest in transactions.

The Act requires LARA to promulgate rules governing the licensure, density, layout, permits for construction, and construction of seasonal mobile home parks, including standards for roads, utilities, open space, proposed recreational facilities, and safety measures sufficient to protect the health, safety, and welfare of seasonal mobile home park residents, except water supply, sewage collection and treatment, and drainage facilities which are regulated by EGLE. The bill would additionally require LARA to promulgate rules governing, fire hydrants, road signs, open spaces, and proposed community buildings concerning seasonal mobile home parks.

The bill would specify that all administrative rules promulgated by LARA or the Commission under the Act that were not rescinded on the bill's effective date would be authorized as valid and enforceable and would have to remain in effect until July 1, 2025, or the date LARA promulgated the revised administrative rules, whichever was earlier.

EGLE Rule Promulgation

The Act required the Department of Environmental Quality to promulgate rules for parks related to water supply, sewage, drainage, garbage disposal, and more. Under the bill, EGLE would have the authority to promulgate rules regarding water supply systems, sewage collection, and disposal systems for parks to ensure that the health and safety of residents of such parks were protected. The bill would allow EGLE to enter into an agreement with a local unit of government to enforce the rules promulgated under the Act.

Local Government Standards

The Act allows a local unit of government to impose standards related to mobile homes located within a park that are higher than the standards provided in the Act with Commission approval and within certain conditions.

The bill would allow a local government to adopt an ordinance to require an owner of a park to post a surety bond to cover expenses for health and safety issues that could have to be addressed in the park.

Distressed Parks

Generally, the Act requires the Mobile Home Commission to promulgate rules concerning distressed parks. The bill would require LARA, in consultation with the Commission, to promulgate rules providing standards and procedures for determining whether a park that was not in substantial compliance with the rules set by LARA and EGLE was a distressed park. The standards and procedures would have to provide the owner with an opportunity for an evidentiary hearing to appeal LARA's determination and require LARA to consider at least all the following:

- The length of time the park had not been in substantial compliance with the rules set by LARA and EGLE.
- Whether the owner of the park was notified and had sufficient opportunity to bring the park into substantial compliance.
- Any imminent threat to the health and safety of the residents of the park.
- Whether the park had been or could likely be abandoned by the owner.

Additionally, in consultation with the Commission, LARA would have to promulgate rules pursuant to the Administrative Procedures Act to require the owner of a distressed park to post financial assurance in the form of a bond, cash deposit, or other financial arrangement to ensure the repair and cleanup of the park, including the repair of substandard or non-complying park-owned utility systems and the removal and disposal of abandoned mobile homes, scrap material, or other waste.

An owner of a distressed mobile home park could appeal a determination of LARA to the circuit court in the county in which the park was located within 10 days after the date of the determination. The bill would require the Department of Attorney General to represent LARA in any appeal of a distressed park.

Owner and Operator Duties

Under the Act, the owner and operator of a park have interchangeable duties. The bill deletes references to the operator duties and would instead reclassify those duties to fall on the owner of a park.

Licensure for Owners of Mobile Home Parks and Seasonal Mobile Home Parks

Generally, a person must have a license to operate a park. The term of an operating license is three years and LARA may only issue a license if the following conditions are met:

- The applicant submits a complete license application.
- Certifications and recommendations or appropriate agencies and local governments are submitted to and approved by LARA.
- The applicant pays the appropriate fee.
- The park was approved as being compliant during the most recent inspection.

Instead, by July 1, 2025, after seeking consultation with the Commission, local governments, and other interested parties, LARA would have to review and promulgate rules governing the licensure of owners of parks, including determining standards to meet the licensure requirements described below.

A license issued by LARA on or before December 31, 2022, would expire on December 31, 2024. Beginning January 1, 2025, the term of a license would be one year.

Under the bill, LARA could conduct a background check on an applicant and a person that held a beneficial interest in the applicant's park to determine whether an applicant and a person holding beneficial interest were eligible for a license. For this purpose, LARA could use the law enforcement information network or the internet criminal history access tool (ICHAT) maintained by the Department of State Police. After fingerprints had been submitted to the appropriate agency, LARA would have an additional 60 days to issue a license if necessary to accommodate the process of obtaining a background check. "Background check" would mean a criminal history check that examines Federal and state government record in a manner that allows for the successful identification of a criminal conviction that involves fraud, deceit, or nonfeasance.

(Generally, the C.J.I.S. Policy Council Act provides rules governing access, use, disclosure of information in criminal justice systems.)

Provisional Licensure

Beginning July 1, 2024, a person seeking licensure for a park that had not previously been licensed under the complete license application described below would have to apply for a provisional license for that park. The provisional license would be valid for one year and could be extended or renewed for an additional year. A provisional license would be required for each park owned by a person that had not previously been licensed. The bill would require LARA to issue a provisional license if an applicant met all the licensure requirements described below other than the park having been approved as complying post inspection. Additionally, LARA could not issue three provisional licenses within a 10-year period.

A provisional license would entitle the license holder to all the rights, privileges, requirements, and penalties applicable to the holder of a license.

Within one year after the issuance of a provisional license, LARA would have to inspect and identify any violations regarding the ownership and operations of a provisional licensee's park and would have to notify the owner of any violation found during the inspection.

Full Licensure

Provided that an applicant was eligible according to the background check described above,

within 60 calendar days after receiving a completed license application, LARA would have to issue a license if all the following requirements were met:

- The applicant submitted a complete license application.
- Certifications and recommendations of appropriate agencies and local governments required to operate a park were submitted to and approved by LARA.
- The applicant and any person that held a beneficial interest in the applicant's park paid the required fees and any administrative fines previously assessed by LARA or the Commission that remained unpaid at the time of the license application, if applicable.
- The park was approved as being in substantial compliance after its most recent inspection and all material deficiencies identified by LARA during the inspection were corrected.
- Beginning July 1, 2024, the applicant had been previously issued a provisional license or a license to own the park.

"Complete license application" would mean an application that contained all required license information including any applicable license fees or any administrative fines previously assessed against the applicant by the LARA or Commission that remain unpaid at the time of the license application, if applicable, unless the administrative fines are pending administrative appeal under LARA's rules or the Administrative Procedures Act.

"Material deficiency" would mean a violation of the Act or an administrative rule promulgated under the Act that threatens the health, safety, or welfare of the residents of the mobile home park or seasonal mobile home park.

"Person that has a beneficial interest" would mean a person that is a managerial employee of the applicant that has a direct or indirect ownership interest of more than 10% in the applicant's park. A person that had a beneficial interest would be any of the following for each applicant:

- For an individual or sole proprietorship, the individual or sole proprietor.
- For a partnership or limited liability partnership, all partners.
- For a limited partnership or limited liability limited partnership, all general and limited partners, excluding a limited partner that held a direct or indirect ownership interest of 10% or less and did not exercise control over or participate in the management of the partnership.
- For a limited liability company (LLC), all members and managers excluding a member that held a direct or indirect ownership interest of 10% or less and did not exercise control over or participate in the management of the company.
- For a privately held corporation, all corporate officers or persons with equivalent titles, directors, and stockholders excluding a corporate officer, director, or stockholder that held a direct or indirect ownership interest of 10% or less.
- For a publicly held corporation, all corporate officers or persons with an equivalent titles, directors, and stock holds, excluding a corporate officer, director, or stockholder that held a direct or indirect ownership interest of 10% or less.
- For a nonprofit corporation, all individuals and entities with membership or shareholder rights in accordance with the nonprofit corporation's articles of incorporation or bylaws.
- For a trust, all trustees or persons that control or direct the affairs of the trust, including any beneficiary that received or has the right to receive more than 10% of the gross or net profit of the trust during any full or partial calendar year.

To be considered complete, a license application would have to do all the following:

- Show the financial ability of the applicant to own and operate the park by submitting documentation, as required by LARA, to demonstrate the applicant's financial viability to operate and maintain the park in accordance with the financial standards of the Act.
- Affirm the applicant's ability to comply with the applicable laws, rules, and regulations of the State.
- Affirm that the applicant and any person that held a beneficial interest in the applicant's park had not been convicted of a crime involving fraud, deceit, or nonfeasance within the past seven years.
- Affirm that the applicant or any person that held a beneficial interest in the applicant's park did not have a record of unjustifiable rent increases within the past seven years.
- Affirm that before submitting the application, each park owned by the applicant and any person that held a beneficial interest in the park was in substantial compliance with the standards established by LARA during LARA's most recent inspection and that all identified material deficiencies were corrected.
- Include the name, working telephone number, mailing address, and working email address of an individual who was responsible for receiving and responding to communications for the park.
- If a park were owned by a foreign corporation, provide LARA with the appropriate documentation to show it was authorized to do business in the State and had filed a consent to service of process form with the Commission.
- Provide proof of ownership of or an option to purchase park.
- List the name of any person that held a beneficial interest in the park.

Additionally, the complete license application would have to include an affirmation that the applicant and any person that held a beneficial interest in the applicant's park had not been denied a license to own a park, or a permit or other governmental permission to operate a park, or had a license to own a park, or permit or other governmental permission to operate a park suspended, canceled, or revoked by the State or other governmental agency within the past seven years. If the latter occurred, the application would have to demonstrate that a suspended, canceled, or revoked license, permit or other governmental permission had since been reinstated or reissued. An application could not be denied under this requirement for the following reasons:

- Within the past seven years, the applicant and any person that held a beneficial interest in the applicant's park filed an application that was denied due to a failure to show financial ability to operate and maintain the park if the current application met the financial ability requirement.
- Within the past seven years, the applicant and any person that held a beneficial interest in the applicant's park filed an application that was denied due to failing to affirm a record of not having unjustifiable rent increases if the current application meets such requirement.

Under the bill, LARA would have to require a signed affidavit from the applicant that attested to the veracity of the information required for a complete license application and could require that the applicant submit additional documentation to support the information. The bill would require LARA to deny an application that did not meet any of the requirements for a complete license application.

A licensed owner of a park would have to post a copy of the park license in a conspicuous place in an area that was accessible to the residents of the park. If LARA determined that an owner of a park violated this requirement, LARA could impose a maximum administrative fine of \$5,000 after notice and a hearing under the Administrative Procedures Act.

License Fees

Currently, the license fee to operate a mobile home park is \$225 plus an additional \$3 for each home site over 25 home sites in the park, unless otherwise specified. The license fee to operate a seasonal mobile home park is \$120, plus an additional \$1.50 for each home site over 25 home sites in the park, unless otherwise specified.

Under the bill, the fees described above would apply until September 30, 2023. From October 1, 2023, through December 30, 2024, the license fees would be as follows:

- For a mobile home park, \$500 plus an additional \$5 for each home site that exceeded 25 home sites in the park.
- For a seasonal mobile home park, \$300 plus an additional \$3 for each home site that exceeded 25 home sites in the park.

Beginning December 31, 2024, the license fees would be as follows:

- For a mobile home park, \$750 plus an additional \$7 for each home that exceeded 25 home sites in the park.
- For a seasonal mobile home park, \$400 plus an additional \$4 for each home that exceeded 25 home sites in the park.

Beginning July 1, 2024, the fee for a provisional license would be the same as the fees for a regular license beginning December 31, 2024.

License Renewal

Currently, if a person submits a timely application for license renewal and pays the appropriate fee, the person may continue to operate a park unless notified otherwise.

Under the bill, if a person submitted a timely application for a license renewal under the bill's proposed license standards and paid the appropriate fees and any administrative fines previously assessed against the person by LARA or the Commission that remained unpaid at the time of the renewal application, if applicable, the person could continue to own the park unless notified otherwise.

An application for renewal would have to meet the licensing requirements described above. The bill would allow LARA to assess a late renewal fee of up to 50% of the license application fee if an application for renewal of a license were submitted more than seven days after the expiration of the license.

If LARA determined that a license application was incomplete, LARA would have to send a written notice to the application that identified the missing information in the application. The applicant would have to provide the missing information to LARA within six months after receiving the notice. If an applicant failed to provide the missing information, the license application would be void and the applicant would have to submit a new license application.

An unlicensed owner of a park, or a subsidiary, agent, attorney, representative, employee, or affiliate of the owner of a park, or any other person that was responsible for the day-to-day operation of the park or was under common control of the park with the owner would not be allowed to collect rent or take any action for possession against residents of a park. If the tenant paid the utility service fees directly to the utility service provider, the tenant would have to continue to pay in that manner. Beginning on the bill's effective date, no rent or fees could be recovered by an owner or a park for any period of time the park was unlicensed.

A resident of a park could bring an action on the residents own behalf for a violation described above in a court of competent jurisdiction. The available remedies would include an injunction by a court of record prohibiting further violations, actual damages incurred by the tenant, and punitive damages as determined by a jury or court. Actual damages would include rent and fees paid by the owner of the park during the period the owner was unlicensed. The bill specifies that a resident would not be authorized to withhold rent or utility service fees determined by a court to be due and payable to an appointed receiver.

If it were determined that an owner of a park was unlicensed and there was no complete license application under review, LARA, a lienholder, other affected person, or resident of the park could petition the circuit court in the county in which the park was located to appoint a receiver to operate the park while the owner was unlicensed.

If the court found that the owner of the park was unlicensed and there was no complete application under review, the court would have to appoint a receiver to operate the park. The court would have to determine fair compensation for the receiver. An appointed receiver would have to be a person who was currently licensed to own a park and who met licensure requirements as determined by the court. A receiver could not be the owner of the park, or a subsidiary, agent, attorney, representative, employee, or affiliate of the owner, or any person who was responsible for the day-to-day operation of the park or was under common control of the park with the owner. Subject to court approval, an appointed receiver could do any of the following:

- Repair, renovate, or rehabilitate the park as needed to make the park comply with the Act.
- Manage the park.
- Collect rent, utility service fees, and other fees from the residents of the park as determined by the court and pay the expenses of the park that were necessary to ensure continuing operations and services.
- Exercise other powers the court considered proper to the effective administration of the receivership.

Additionally, an appointed receiver could pursue necessary legal remedies against a resident of the park that failed to pay rent, utility service fees, other fees, or comply with the Act. The legal remedies that could be pursued against a resident of the park would include the institution of summary proceedings to recover possession of the premises from the resident of the park.

A person licensed or required to be licensed to own a park under the Act would have to be responsible for meeting all licensure requirements and complying with the Act or rules promulgated under the Act.

Owner Notification to LARA

Under the bill, an owner of a park would have to notify LARA of any of the following within 30 days of its occurrence:

- A change in ownership.
- A change in the mailing or electronic business address of the licensed owner of the park.

Within 30 days of the sale of a park, the owner would have to provide LARA with a copy of a seller's contract or any recorded deed and notify LARA of all the following:

- The identity of the buyer, including the buyer's contact information.

- The date of the sale.
- Any change in the seller's contact information.

Rent Increase

An owner of a park could seek approval from the Commission for a rent increase by submitting documentation to the Commission showing that increases in operating and capital expenditures required an increase in rent to maintain a reasonable rate of return.

The Commission would have to approve the request unless the provided documentation did not demonstrate the need for a rent increase. A rent increase that was approved by the Commission and that resulted in a net increase in combined lot rent and other fees above the increase in the CPI would not be an unjustifiable rent increase.

Senate Bill 487

Inspection of Park

Generally, under the Mobile Home Commission Act, LARA or its representative must conduct a physical inspection of a park in accordance with its standards and must prepare a report documenting the inspection's findings. A copy of the report must be submitted to each local government in which the park is located. Under the Act, a local government cannot inspect a park unless the local government has reason to believe that the Act, Mobile Home Code, or rules were violated.

The bill would allow LARA to enter into an agreement with the appropriate local government that allowed the local government to conduct the inspection. The bill would specify that the report documenting the findings could be used for licensing determinations.

If LARA determined that a park needed to be reinspected, LARA could charge a reinspection fee. The bill would allow LARA to promulgate rules to establish the reinspection fees.

Design and Construction Variances

The Act allows a variance in the design and construction of a park if granted by the applicable local government and LARA. The bill would require the owner of a park to retain a record or written documentation of any variance granted under the Act for as long as the variance was in effect.

Installation and Repair

The Act requires the Commission to promulgate rules concerning the responsibility of various entities in the installation and setup of a park. The bill would add repairers to the list of responsible entities. The bill would require LARA to promote effective and uniform enforcement of the Act and the Code by enhancing proficiency and skills of mobile home installers and repairers. Additionally, LARA would have to promulgate rules relating to all the following for mobile home installers and repairers:

- Minimum training and experience standards, qualifications, and classification of responsibilities.
- Minimum criteria for the approval of educational or training courses or programs.
- Applicable fees to review materials regarding educational training courses or programs, training tests, and instructor qualifications.

The bill specifies that if LARA found that a proposed educational or training course or program was acceptable under the minimum criteria described above, LARA would have to approve the proposed course or program for a limited period of time and with any appropriate qualifications LARA established.

The Commission could make recommendations to LARA regarding the rules described above. The bill would specify that LARA would have to consider the recommendations but would have the final responsibility and authority to approve the rules.

Owner-Operator

The bill would delete references to the operator of a park, instead duties of the operator would fall to the owner of the park.

Prohibited Practices

The Act prohibits the owner of a park from engaging in or permitting an agent or employee to engage in certain unfair or deceptive methods, acts, or practices. The bill would prohibit an owner from also engaging in any of the following deceptive methods, acts, or practices:

- Charging more for utility services beyond that which was charged by the utility service provider.
- Requiring a tenant to use an electronic billing or payment system as the only method to pay rent.
- Assessing a fee or charge to a tenant for the tenant's refusal or inability to use an electronic billing or payment system used by the owner for the payment of rent.
- Using an electronic bill system that required a tenant to waive individual or collective rights or remedies provided by law.
- Using an electronic billing or payment system that collected, or required access to, a tenant's personal data or data stored on a tenant's device beyond that which was necessary to make a payment.
- Unless specified otherwise, charging fees or penalties that were not associated with the cost of occupancy.

The bill specifies that if fees or penalties were charged, the fees or penalties would have to be reasonably related to the costs incurred by the owner of the park to protect the health and safety of the residents of the park due to noncompliance with the Act or rules or regulations promulgated under the Act.

The bill would require the owner of a park to make the utility rates and charges that were directly related to the resident's usage available to the resident, upon request.

Lease or Rental Agreement Terms

The bill would require an owner of a park to offer a lease or rental agreement with a term of at least one year to a prospective tenant or tenant. The bill would not prohibit an owner from entering into a monthly lease or rental agreement with a prospective tenant or tenant. In addition, at least 30 days before a one-year-or-greater lease or rental agreement expired, the owner of a mobile home park would have to deliver to the tenant a written or electronic notice identifying the date the lease or rental agreement ended and would have to offer a renewal of the lease or a new lease or rental agreement. An expired lease or rental agreement not renewed in writing would constitute a month-to-month tenancy with all the rights, responsibilities, and obligations of a month-to-month tenancy.

A lease or rental agreement between an owner of a park and a tenant for a duration of less than one year would have to include language that a lease or rental agreement of a duration of one year or more was offered but was declined. Furthermore, a lease or rental agreement between these parties would have to include language that an unlicensed owner of a park could not collect rent or take any action for possession against residents under the Act.

A lease or rental agreement would have to comply with the Truth of Renting Act, and a person violating this requirement would be guilty of a misdemeanor punishable by a maximum fine of \$500 per day for each separate violation or a up to one year's imprisonment, or both.¹ A resident of a park could bring an action on the resident's own behalf for a violation of these provisions in a court of competent jurisdiction.

Senate Bill 488

Abandonment

Under the bill, an owner of a mobile home park at which a mobile home owned by another person was located could declare the mobile home abandoned if all the following conditions were met:

- A court of competent jurisdiction issued an order pursuant to the Revised Judicature Act restoring possession of the premises to the park owner.
- The mobile home had been continuously unoccupied for at least 90 days after the court issued the order above or rent had not been paid for at least 10 days after the court issued the order above.
- Any indebtedness secured by the mobile home or related to a lease agreement or terms of the tenancy between the park owner and the home owner was delinquent.
- The mobile home park owner had a license to own the mobile home park under the Mobile Home Commission Act.

Notice of Intent

Before declaring a mobile home abandoned but after meeting the requirements to declare a home abandoned, the mobile home park owner would have to do all the following:

- Using industry standards, calculate the fair market value of the mobile home and determine whether the fair market value of the mobile home exceeded the sum of the amount of rent due and unpaid for the premises occupied by the mobile home, any unpaid fees, and any unpaid utility service fees that were owed to the mobile home park by the mobile home owner.
- Affix a notice of intent to declare the mobile home abandoned on the mobile home.
- Send a copy of the notice of intent to declare the mobile home abandoned and a copy of the complete appraisal or other valuation document on which the mobile home park owner relied to determine the fair market value of the mobile home by certified United States Postal Service mail to the mobile home owner, all individuals identified on the lease agreement, all forwarding addresses provided by the home owner to the park owner, and all lienholders at the addresses listed on the mobile home owner's title.
- File a copy of the notice of intent to declare the mobile home abandoned with the Secretary of State (SOS).

¹ MCL 125.2342 prescribes this misdemeanor penalty for any violation of the Act or its promulgated rules.

If the mobile home park owner determined that the fair market value of the mobile home exceeded the sum of the amount of rent due and unpaid for the premises occupied by the mobile home, any unpaid fees and any unpaid utility service fees that were owed to the mobile home park by the mobile home owner, the mobile home park owner, upon filing the notice of intent to declare the mobile home abandoned, would have to make a good-faith effort to send a written notice to the mobile home owner that the mobile home owner was entitled to receive the amount of the excess from the mobile home park, subject to any liens on the mobile home, equal to the fair market value of the mobile home minus the sum of the amount of rent due and unpaid for the premises occupied by the mobile home, and unpaid fees, and any unpaid utility service fees owed to the mobile home park by the mobile home owner. A written notice would have to include a check for the excess and a written statement in at least 12-point boldfaced type that conformed to the text specified in the bill.

After receiving a notice of intent to declare a mobile home abandoned, the SOS would have to send a written notice to the mobile home owner and any lienholder at all current addresses that the Secretary of State had in its records for the mobile home owner and the lienholder, within 10 days of receiving the notice. The notice would have to contain all the following:

- A statement explaining the requirements to show that a mobile home was abandoned and that notice would have to be provided.
- The SOS's contact information if the mobile home owner intended to contest the declaration that the mobile home was abandoned.
- A statement explaining that the mobile home owner could contest the declaration that the mobile home was abandoned before a court of competent jurisdiction.

After receiving a notice of intent to declare the mobile home abandoned, the mobile home owner or a lienholder could enter the mobile home park to remove the mobile home. A mobile home owner or a lienholder removing the mobile home would be responsible to the mobile home park owner for all actual damages to the mobile home park that resulted from the removal of the mobile home and any amount owed. On request of the mobile home owner or a lienholder, the mobile home park owner would have to provide an itemized receipt that detailed the actual damages to the mobile home park and any amount owed.

Park Owner Assuming Title of Abandoned Home

If a mobile home unencumbered by a lien remained in the mobile home park for at least 30 days after the date the written notice required to be sent by the SOS was postmarked, the mobile home park owner could declare the home abandoned and could apply to the SOS to obtain title to the mobile home.

If a mobile home encumbered by a lien remained in the mobile home park for at least 60 days after the date of the notice required to be sent by the owner of the mobile home park was postmarked, the lienholder would have to inform the mobile home park owner that the lienholder would not retain ownership of the mobile home, remove the mobile home from the mobile home park, or provide a written or electronic notice to the mobile home park owner of the lienholder's intent to retain ownership of the mobile home and remove the mobile home from the mobile home park. If the lienholder notified the mobile home park owner that the lienholder intended to retain ownership of the mobile home, the lienholder could, upon payment of rent and fees that had accrued from the date of the notice, keep the home in the park as long as the lienholder paid standard monthly lot rent, utility service fees, and other normal charges until the mobile home was removed from the mobile home park or sold to a new owner who entered into a lease agreement with the mobile home park owner. A payment would be subject to late fees, nonsufficient fund fees, and other service charges provided under the mobile home park's rent or fee schedule.

If the lienholder failed to meet the requirements above or informed the mobile home park that the lienholder would not retain ownership of the mobile home, all liens on the mobile home would be extinguished and the mobile home park owner could declare the mobile home abandoned and could apply to the SOS to obtain title to the mobile home. The application would require an affidavit that included the following statements:

- That the affiant was the licensed owner of the mobile home park in which the mobile home was located.
- That the title of the mobile home was being transferred to the licensed owner of the mobile home park in which the mobile home was located.
- That the mobile home park owner complied with all the requirements above.
- That the mobile home park owner was not aware of any challenge to the declaration that the mobile home was abandoned or any proceeding in a court of competent jurisdiction challenging the declaration that the mobile home was abandoned.

The SOS could require that the mobile home park owner provide proof of compliance in the application to transfer the title of the mobile home to the mobile home park owner. Except as otherwise provided, if there were evidence of a United States Postal Service mail return receipt showing proof of delivery of the notice described from each lienholder required to be notified, a title issued by the SOS to the mobile home park owner would be free of all liens.

As part of the transfer of title for an abandoned mobile home, the owner of a mobile home would be entitled, subject to any liens, to the fair market value of the mobile home minus the sum of the amount of rent due and unpaid for the premises occupied by the mobile home, any unpaid fees, and any unpaid utility service fees to the mobile home park by the mobile home owner. If a mobile home park owner took title to a mobile home under the process outlined and the fair market value calculated was greater than zero, the mobile home park owner would have to do all the following:

- If the mobile home were not subject to a lien, within 90 days of receiving title, the mobile home park owner would have to make a good-faith effort to pay the mobile home owner from which the mobile home park owner received the title the fair market value with applicable fees and rent deducted accordingly.
- If the mobile home were subject to a lien, within 90 days of receiving title, the mobile home park owner would have to pay to any lienholder the amount for which the lienholder had provided written evidence to the mobile home park owner as due and owing to that lienholder.
- If the owner of the mobile home from which the mobile home park owner received the title did not claim the amount as described above, the mobile home park owner would have to remit those amounts to the Department of Treasury in accordance with the Uniform Unclaimed Property Act.

An owner of a mobile home not located within a mobile home park could apply for a certificate of title as currently prescribed by the Act.

Senate Bill 489

Sale of Park or Land Use Change

The bill would amend the Mobile Home Commission Act to require the owner of a park to notify LARA, the residents of the park, and the municipality in which the park was located, or if none, the county in which the park were located, of the owner's intent to change the use of the land comprising the park or to sell the park.

If the residents of the park had not formed an HOA or a cooperative and the owner intended to sell the park, the notification of the sale would have to be made only once for any particular contract to sell and would have to be by written notice mailed to each mobile home resident at the address shown on the rental agreement with the owner of the park at least ten days prior to the first scheduled closing of the sale.

If the residents of a park had formed an HOA or cooperative, at least 30 days but not more than a year prior to an owner either entering into a written agreement with a licensed real estate broker for the sale of the park or making an offer to sell the park to any party the owner would have to provide the president, secretary, and treasurer of the HOA or cooperative with written notice of the intention to sell. The notice would have to be sent by first-class mail or by personal delivery. The owner would not have to satisfy this requirement unless all the following conditions were met:

- The HOA or cooperative had first furnished the owner of the park with written notice of the names and addresses of the president, secretary, and treasurer of the HOA or cooperative to whom the notice of sale would have to be given.
- The HOA or cooperative had first notified the owner of the park in writing that the residents of park were interested in purchasing the park.
- The HOA or cooperative had furnished the owner of the park with written notice within five days of any change in the names or addresses of the officers of the HOA or cooperative to whom notice of the sale would be given.

The bill specifies that the initial notice of interest to purchase by the HOA or cooperative would have to be made prior to the written listing or the extension of an offer to sell the park by the owner and the HOA or cooperative would have to give subsequent notice at least once each year after the initial interest in purchasing notice.

During the notice period given to the officers of an HOA or cooperative, the owner of a park could consider any offer to purchase the park that had been made by the HOA or cooperative if the HOA or cooperative were open to all the park's residents. The owner of the park could consider any reasonable offer made by an HOA or cooperative representing the residents of the park and negotiate the offer in good faith. If an agreement to purchase the park were reached during the notice period the HOA or cooperative would have to be given reasonable time beyond the expiration period, if necessary, to obtain financing for the purchase. An HOA or cooperative could assign any rights the residents of the park would possess to the municipality or county, as applicable in which the park was located, a local housing authority, or a local nonprofit entity specializing in the provision or preservation of affordable housing.

An owner of a park that sold the park would have to notify LARA in writing of the sale within 30 days of the sale. The written notice would have to include the name and contact information of the new owner of the park. Within 30 days, the new owner of the park would have to apply for a license to operate the park.

A resident of the park who alleged that an owner failed to comply with any notice provision described above could bring an action in a court of competent jurisdiction to recover actual damages plus reasonable attorney fees.

Service of Process

Generally, a person who applies for a license or permit other than a domestic corporation must file an irrevocable consent appointing the Commission as the person's attorney to receive service of process. The service of process may be made by filing a copy of the process in the office of the Commission and is not effective unless the plaintiff sends notice of the

service to the address of the defendant or respondent. The bill would specify that the Commission would have to mail the notice within five days of receipt of the process.

Violations and Fines

Currently, if after notice and a hearing, a person is determined to have violated the Act, the Commission may impose one or more of the following penalties:

- Censure.
- Probation.
- Licenses limitation, suspension, or denial.
- A maximum civil fine of \$50,000.
- Restitution.

Under the bill, the Commission also could impose a maximum administrative fine of \$5,000.

If LARA determined that a park in the State was owned by a person that did not have a LARA-issued license to own that park, LARA would have to provide written notice to the unlicensed owner of the park. Additionally, LARA would have to forward a copy of the notice to the clerk of the city, village, or township where the park was located. The notice would have to require the unlicensed owner of a park to apply to LARA for licensure within 30 days of the notice.

If the unlicensed owner did not apply within 30 days, LARA would have to commence proceedings to impose a fine on the unlicensed owner. If LARA determined that a person owned a park without the required license LARA would have to impose a maximum fine of \$100,000 after notice and hearing as provided by the Administrative Procedures Act. The bill would require LARA to advise the Attorney General of the failure of any person to pay the imposed fine. The Attorney General could bring a civil action in a court of competent jurisdiction to recover the fine.

A fine could be collected by the imposition of a judgement lien by a court or by obtaining a writ of garnishment against the person who had been determined to have violated the Act. The writ of garnishment would have to be issued by the State Treasurer to satisfy the fine. To obtain a writ of garnishment, LARA would have to comply with the requirements of Chapter 40 (Attachment and Garnishment) of the Revised Judicature Act.

Under the bill, LARA could not issue a license until the fees and any administrative fines previously assessed by LARA or the Commission against the applicant and any person that held a beneficial interest in the applicant's park were paid, if applicable. The bill would require LARA to advise the Attorney General of the failure of any person to pay the fines or fees described under Senate Bill 486. The Attorney General could bring a civil action in a court of competent jurisdiction to recover the fines or fees.

Senate Bill 490

The bill would amend the Truth in Renting Act to specify that all the following would apply to a lease or a rental agreement under the Mobile Home Commission Act:

- An owner of a park would have to offer a lease or rental agreement with a term of at least one year to a prospective tenant or tenant; however, an owner would not be prohibited from entering into a monthly lease or rental agreement with a prospective tenant or tenant.
- At least 30 days before a lease or rental agreement with a duration of one year or greater expired, the owner would have to deliver to the tenant a notice identifying the date the

lease or rental agreement ended and would have to offer a renewal of the lease or a new lease or rental agreement.

- A lease or rental agreement between an owner of a park and a tenant for a duration that was less than one year would have to include language that a lease or rental agreement of a duration of one year or more had been offered but was declined.
- A lease or rental agreement between an owner of a park and a tenant would have to include language that an unlicensed owner could not collect rent or take any action for possession against residents under the Act.

The bill specifies that any expired lease or rental agreement not renewed in writing would constitute a month-to-month tenancy with all the rights, responsibilities, and obligations of a month-to-month tenancy. This provision would be subject to the rights and responsibilities of an owners of a park to terminate a lease or rental agreement for just cause the Revised Judicature Act.

Notwithstanding the above provisions, a lease or rental agreement under the Mobile Home Commission Act would have to comply with the Truth in Renting Act.

BACKGROUND

The Bureau of Construction Codes, housed under LARA, is responsible for initial and renewal licensure for mobile home parks and for determining park licensure eligibility through the Mobile Homes Program. Additionally, it handles installer and repair licenses, construction and permitting of parks, and responds to and investigates complaints. The Program is governed largely by the Mobile Home Commission Act.²

The current application for mobile home park licensure falls into one of four categories, a new license, change of ownership licensure, licensure to add sites to an existing park, and a license to remove sites from an existing park. Mobile home parks with three or more homes must apply and maintain licensure. As part of the required documents for an application for a new mobile home park license, an applicant must provide the following documents:

- Certifications or approval of on-site water supply and wastewater compliance, including a letter from the applicable local government stating connection to the system.
- A Mobile Home Park Construction Affidavit.
- Certificate of park sewer system and electrical system, by site number.
- Site map of the park.

Following payment of a fee and showing compliance, LARA must award the park license.

The bills would modify the licensure process generally described in **FISCAL IMPACT**. They would require that applications include standards requiring that the applicant that has beneficial interest in the park could not have been previously denied a license, had a license been denied or revoked, certain criminal history involving fraud, or records of unjustifiable increases among other things.

² "Mobile Homes", <https://www.michigan.gov/lara/bureau-list/bcc/sections/mobile>, Retrieved on 2-15-24.

FISCAL IMPACT

LARA

The bills would have a significant but indeterminate fiscal impact on State government and an indeterminate fiscal impact on local units of government.

The bill would restructure the licensing system for mobile home parks and related licenses under the Mobile Home Commission Act. Currently, the term for a mobile home park license is three years. The bill would revise this period to one year, beginning on January 1, 2025. Licenses issued on or before December 31, 2022, would expire on December 31, 2024. As of October 2023, approximately 1,000 licenses would fall into that expiration category. Less than 1% of these licenses are for seasonal parks.

The changes to the license fees included in the bill are shown in the table below:

Proposed Changes Under SB 486			
	Current Law (every three years)	Oct. 1, 2023 to Dec. 30, 2024 (annual)	On and after Dec. 31, 2024 (annual)
Mobile Home Park	\$225	\$500	\$750
Per site fee for home sites in excess of 25	\$3	\$5	\$7
Mobile Home Park, Seasonal	\$120	\$300	\$400
Per site fee for home sites in excess of 25	\$1.50	\$3	\$4

These license fees are deposited into the Mobile Home Code Fund. The Fund is used for the Bureau of Construction Codes, the Bureau of Fire Services, and other overhead expenses within LARA upon appropriation by the Legislature. The proposed changes likely would result in significantly increased revenue to LARA, although the exact amount would depend upon the number of licenses applied for and that met the new criteria required under the bill. Based on the core annual fees alone and current license counts, it is likely that LARA would collect \$500,000 or more in additional annual revenue under the bill if the number of licensees did not change significantly. It is possible that due to the more stringent requirements, fewer individuals would qualify as licensees; however, the increase in fees likely would offset this loss.

The bill also would create a new provisional license for mobile home parks. Beginning July 1, 2024, a mobile home park not previously licensed would need a provisional license to operate. No fee for a provisional license is specified in the bill.

The bills would require LARA to employ "an appropriate number" of qualified employees to implement and enforce the Act as well as the rules promulgated under it. Although LARA currently enforces and administers the Mobile Home Commission Act and most related rules, the changes made under the bill, as well as the new and revised rules that could be required under it, likely would necessitate one or more additional Full Time Equivalents (FTE) and appropriations to fully satisfy the Department's duties and responsibilities. The average cost of an FTE, including benefits, is \$137,500 per year. The number of employees needed would depend partially on the number of applicants who qualify under the new licensee parameters.

Additional duties for LARA would include additional inspections. Senate Bill 487 would allow LARA to contract this work out to local governments, which could bear minor additional costs

related to the development and administration of these agreements; however, in the absence of such an agreement, the cost of these inspections would fall to LARA. As described above, it is possible that LARA could need to engage additional inspectors.

The Department also would have to establish a publicly accessible database of owners that would contain key licensing information, by July 1, 2024. It currently has such a database but is possible that it could need additional funding to ensure compliance with the bills. The Department could charge a \$100 processing fee if an owner failed to update contact information as required under the bill.

The Department could elect to conduct a background check on an applicant or a person who holds a beneficial interest in a park. The number of background checks performed could increase due to the expansion of the definition of a person with beneficial interest included in the bill. The Department could use the ICHAT system maintained by the Department of State Police for this purpose. The cost to conduct a single search is \$10. The bill does not specify whether LARA would charge the applicant or person with interest for the cost of the search. Senate Bill 486 would require LARA to revise the Mobile Home Code by July 1, 2025. This process likely would be covered by existing appropriations, but additional staff time and administrative costs could increase expenditures. The Department would need to consult with additional entities to develop these recommendations.

Senate Bill 486 also would allow LARA to impose an administrative fine of not more than \$5,000, following appropriate steps as required under the Administrative Procedures Act, if a licensed owner failed to post a copy of the owner's license as required under the bill. It also would require the payment of all previously assessed fees and administrative fines in order for an individual to be considered to have completed a complete application. The Department would be permitted to assess a late renewal fee of up to 50% of the license application fee if a renewal were submitted more than seven days after the expiration of a license. All revenue from fines assessed under the Mobile Home Commission Act is deposited into the Mobile Home Code Fund.

Senate Bill 489 retains the current \$50,000 cap on civil fines assessed for violations of the Act; however, it would require a fine of not more than \$100,000 to be assessed if an unlicensed owner of a mobile home park did not apply for licensure within a 30-day period after being notified by LARA that the owner was required to obtain a license. The bill directs LARA to refer cases of nonpayment to the Attorney General for possible civil action.

The revenue from fines would depend upon the number of violations found and fines levied.

EGLE

In addition to promulgating rules, EGLE could enter into agreements with local governments to enforce rules under its purview. While any costs would depend upon the specific details of any such agreement, it is likely that the bills would have a negligible fiscal impact on EGLE.

Department of State

The bill would have a negligible fiscal impact on the Department of State. The provisions that would require the Department to send out notifications of abandoned mobile homes would require some additional staff time, but those costs likely would be absorbable within annual appropriations.

Judiciary

The bills would not have a significant fiscal impact on district or circuit courts. The addition of certain prohibitions against unlicensed park owners potentially could reduce district court caseloads, while the provisions that direct certain cases to circuit courts could result in some additional circuit court hearings; however, these costs likely would be absorbed by current appropriations levels.

Attorney General

The bills could result in minor costs to the Department of Attorney General should LARA decide to bring a civil action against individuals who neglected to pay the new \$100,000 fine for failure to acquire a license; however, the Attorney General may exercise authority over similar violations under current law. The Department of Licensing and Regulatory Affairs would be unlikely to refer enough cases to the Attorney General to meaningfully affect costs.

Local Government

The bills likely would not have a significant fiscal impact on local units of government. It is possible that agreements between a local government and LARA or EGLE for inspections or enforcement could create minor administrative costs for local offices; however, these costs would depend on the specific details of any such contract. Under the bills, these costs would default to the State in the absence of an agreement.

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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.