

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0834-01
Bill No.: SB 279
Subject: Manufactured Housing; Licenses - Professional Housing
Type: Original
Date: February 5, 2003

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Manufactured Housing Fund	\$15,000	\$15,000	\$15,000
Public Service Commission Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$15,000	\$15,000	\$15,000

***Assumes costs to the Fund of \$87,694, \$81,311, and \$83,384 and offsetting increases in assessments against regulated utilities in the next three fiscal years.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Office of Public Counsel;** **Department of Revenue** and the **Office of the State Treasurer** assume this proposal would not fiscally impact their agencies.

Officials from the **Public Service Commission (PSC)** assume the proposal would establish a new program to train and license manufactured home installers. PSC assumes the proposal, if passed, should improve the quality of the product as homes will be set-up to meet required installation requirements, which will help to improve the consumer safety of the manufactured homes. Other positives include an increase in the value of the product and its longevity and possibly decrease the insurance rates for manufactured homes. Overall it will improve customer protection and reduce the number of consumer complaints received per capita.

PSC estimates approximately 200 to 250 contractors will require training and licensing. Each licensee will have 2 to 3 individuals to attend the training classes and licensing and renewals are required each year. Minimum of 6 training seminars will be required each year to be conducted throughout the state. These training sessions would be conducted by the proposed Training Tech I. PSC estimates a 25% turnover rate in the number of licensees each year. Additionally, a dispute resolution process must be set-up for any license application denied. This should be

ASSUMPTION (continued)

minor. PSC does not believe the \$75 registration fee proposed by the industry will cover the cost of the program. (e.g., other states charge around \$250 for similar programs.) If this proposed legislation is passed at the \$75 registration fee, the Manufactured Housing program could not continue to operate in a financially solvent manner. The current cash balance in the Manufactured Housing Fund is not sufficient to sustain any additional activity or requirements. Consequently, any new activity or program requirement must generate sufficient income or revenues to fully pay for the cost of the activity or program. The \$75 proposed fee is estimated to only generate \$15,000, and this amount is not sufficient to operate the program based on other states' fees for similar programs. (Total estimated net effect to the Manufactured Housing Fund is \$89,486 for FY 2004; \$86,992 for FY 2005; and \$89,610 for FY 2006.)

PSC assumes a Clerk III would be needed to assist with the licensing and tracking of applicants annually. Also, the clerk would set up training seminars and ensure all the application fees are paid and correspondence is answered in a timely manner.

Any additional fees associated with this proposed legislation will be deposited by the PSC into the Manufactured Housing Fund and will affect total state revenue.

Oversight has, for fiscal note purposes only, changed the starting salary for the two requested PSC staff positions to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes PSC would adjust assessments against regulated utilities to offset increased costs due to this proposal; however, the amount of assessment against regulated utilities is limited to one-fourth of 1 percent (.0025) of gross intrastate operating revenues of all utilities under PSC jurisdiction. If assessments are insufficient to cover PSC costs, then the PSC would have to seek an increase in the amount which may be assessed or seek funding for the PSC from different sources.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
MANUFACTURED HOUSING FUND			
<u>Income</u> - Training fees	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$15,000</u>
ESTIMATED NET EFFECT ON MANUFACTURED HOUSING FUND	<u>\$15,000</u>	<u>\$15,000</u>	<u>\$15,000</u>
PUBLIC SERVICE COMMISSION FUND			
<u>Income</u> - Increased Assessments on Regulated Utilities	\$87,694	\$81,311	\$83,384
<u>Cost</u> - Public Service Commission			
Personal Service (2 FTE)	(\$42,435)	(\$52,195)	(\$53,500)
Fringe Benefits	(\$17,173)	(\$21,123)	(\$21,651)
Expense & Equipment	<u>(\$28,086)</u>	<u>(\$7,993)</u>	<u>(\$8,233)</u>
Total Cost - PSC	<u>(\$87,694)</u>	<u>(\$81,311)</u>	<u>(\$83,384)</u>
ESTIMATED NET EFFECT ON PUBLIC SERVICE COMMISSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Contractors who install or set-up manufactured homes would be required to attend training and become licensed as either a Set-up Contractor or Independent Set-up Contractor.

DESCRIPTION

This proposal requires those who setup or install manufactured homes to be licensed. Any person desiring to obtain a setup contractor license must submit a written application. The applicant must be at least 18 years of age, pass an examination, provide proof of workers' compensation insurance, carry general liability insurance in amount determined by the Public Service Commission, and complete a minimum 8-hour training course. A direct agent of a licensed contractor is not required to be licensed. PSC may waive certain requirements if the applicant is licensed in another jurisdiction. In certain circumstances, PSC may issue a limited permit. Any person engaged in the business of manufactured home setup or installation on August 28, 2003, shall be exempt until December 31, 2004, from complying with the training and examination requirements of the act.

A setup contractor license shall be renewed annually. PSC may grant inactive status to a licensee. A licensee is required to notify PSC if the licensee cancels its liability coverage or workers' compensation coverage. PSC may refuse to renew, suspend or revoke a license if the licensee is guilty of unprofessional conduct.

Persons who falsely hold themselves out as licensed contractors, use a suspended or revoked license, or otherwise engage as a setup contractor without a license are guilty of a misdemeanor.

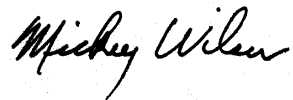
Political subdivisions of this state shall not require an additional license to engage in the setup or the installation of manufactured homes.

Setup contractors are required to purchase setup decals from PSC and must affix the decals to the manufactured home upon setup.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Office of Public Counsel
Public Service Commission
Department of Revenue
Office of the State Treasurer

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
February 5, 2003