

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1017-04
Bill No.: HCS for SCS for SB 317
Subject: Housing; Manufactured Housing; Department of Economic Development
Type: Original
Date: May 15, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Manufactured Housing Fund	\$128,400	\$128,400	\$128,400
State Highway and Transportation Dept. Fund	\$4,200	\$4,200	\$4,200
Total Estimated Net Effect on <u>All</u> State Funds	\$132,600	\$132,600	\$132,600

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0 to (unknown)	\$0 to (unknown)	\$0 to (unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

Manufactured Housing:

The **Department of Economic Development–Office of Public Counsel** assume the proposal will have no fiscal impact on the agency.

Officials with the **Department of Elementary and Secondary Education** assume the proposal would have no effect on their agency, but note that there could be an increased cost at the school district (purchaser) level if modular units used as classrooms are required to meet higher construction standards. This would tend to pressure acquisition costs upward. The actual fiscal impact to school districts cannot be determined.

In response to previous similar legislation, officials from the **Department of Economic Development–Public Service Commission** assumed the proposal would result in increased registration fees from manufactured/modular housing dealers of \$56,400 and from manufacturers of \$72,000. These figures are based on an increase from \$50 to \$200 in the dealer registration fee for 376 dealers, and an increase from \$250 to \$750 in the manufacturer registration fee for 144 manufacturers.

Note: These figures differ from the fiscal note for similar legislation from the prior session due to the inclusion of the increased fee for manufacturers. For that proposal, **Oversight** was unable to provide an estimate for the increased revenue resulting from the manufacturer registration fee.

House-moving:

In response to a previous similar proposal from this session, officials from the **Department of Economic Development - Division of Motor Carrier and Railroad Safety (DED)** noted that according to the Department of Transportation, Oversize/Overweight Section, there are approximately 42 house-moving companies in the state. Therefore, the division would be required to license 42 companies per year at \$100 each, for a total of \$4,200 annually to be credited to the state highway fund. Officials assumed this proposal would require an additional 1.5 FTE to perform the tasks required in the proposal in verifying that applicants meet all requirements and that house moves are made in accordance with the regulations specified in the bill. Total costs to the state highway fund would be \$67,055 for FY 2002, \$50,896 for FY 2003, and \$52,293 for FY 2004.

Oversight notes that in response to similar legislation in the prior year, DED requested .5 FTE at a cost of \$14,867 for FY 2001, \$13,669 for FY 2002, and \$14,011 for FY 2003. In 1999, in

response to similar legislation, DED responded that the duties could be handled with existing

ASSUMPTION (continued)

staff. Since the expected number of licensees is reported to be the same, Oversight assumes that existing staff could absorb the duties of the current proposal.

Officials with the **Department of Transportation (MoDOT)** assume the proposal will result in new revenues through the licensing of house-moving companies and could result in the shifting of insurance verification procedures to DED.

In response to similar previous legislation, officials with the **Department of Insurance, Department of Revenue, Department of Public Safety, and the Department of Labor & Industrial Relations** assumed no fiscal impact as a result of the proposal.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
STATE HIGHWAY AND TRANSPORTATION DEPT. FUND			
<u>Income</u> —Div. of Motor Carrier & RR Safety			
Licensure Fees/Renewals	<u>\$4,200</u>	<u>\$4,200</u>	<u>\$4,200</u>
MANUFACTURED HOUSING FUND			
<u>Income</u> —PSC			
Increased Registration Fees	<u>\$128,400</u>	<u>\$128,400</u>	<u>\$128,400</u>
 <u>FISCAL IMPACT - Local Government</u>			
	FY 2002 (10 Mo.)	FY 2003	FY 2004
<u>Costs</u> —Local School Districts			
Purchase of Higher Quality Units	<u>\$0 to (unknown)</u>	<u>\$0 to (unknown)</u>	<u>\$0 to (unknown)</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact on small businesses operating as house-movers or as manufactured/modular home dealers and manufacturers.

DESCRIPTION

This act exempts used manufactured homes and certain used modular units from complying with the manufactured housing chapter. Under the act, no person shall sell a new modular unit or used modular unit used for educational purposes without bearing a seal signifying that the unit complies with the code. No person shall alter any new manufactured home, new modular unit or used modular unit used for educational purposes if such alteration would violate the code. It is a misdemeanor to rent, lease, sell, or offer to sell a new manufactured home, new modular unit, or used modular unit used for educational purposes that does not bear a seal. It is also a

misdemeanor to fail to correct a code violation within 90 days on a new manufactured home, new modular unit, or a used modular unit used for educational purposes.

This act raises the dealer's initial registration fee to be filed with the Public Service Commission from \$50 to \$200 and the dealer's renewal fee is raised from \$50 to \$200. The manufacturer's initial registration fee is raised from \$250 to \$750 and the renewal fee for a manufacturer is raised from \$200 to \$750. This act also authorizes the Public Service Commission to suspend or revoke a manufacturer's or dealer's license if that entity fails to pay necessary fees and assessments.

The act removes the requirement that the dealer deduct an amount equal to the actual cost of the setup of the home from the purchase price, if the purchaser waives such service. Dealers must provide notice that the Commission does not regulate set-up of manufactured homes.

The act would require those who engage in the profession of house-moving to obtain a license from the Department of Economic Development. In order to obtain a license, each house mover would have to possess a valid driver's license and have 24 months experience moving houses, as well as demonstrate that they have adequate motor vehicle, liability, workers' compensation, and cargo insurance. House-movers who are moving their own homes would not have to obtain a license. For every move made, the house-mover would have to obtain a permit from the Department of Transportation (as provided in current law). This house-mover must also comply with local ordinances. A house-mover who violates this act would be guilty of a Class A misdemeanor.

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 Elementary and Secondary Education
Department of Economic Development
 Public Service Commission
 Office of Public Counsel
 Division of Motor Carrier & Railroad Safety
Department of Transportation
Department of Insurance
Department of Revenue
Department of Public Safety
Department of Labor & Industrial Relations

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "Jarrett".

Jeanne Jarrett, CPA
Director
May 15, 2001