

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5054-01
Bill No.: HB 1740
Subject: Business and Commerce: Manufactured Housing; Public Service Commission
Type: Original
Date: May 7, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Manufactured Housing Fund*	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
Total Estimated Net Effect on Other State Funds	\$0 to UNKNOWN	\$0 to UNKNOWN	\$0 to UNKNOWN

***Assumes fees would equal or exceed costs.**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office, Department of Revenue, Office of State Public Defender, and Department of Public Safety - Missouri State Highway Patrol** state this proposal does not have a fiscal impact on their agencies.

Officials from the **Office of State Courts Administrator** stated this proposal would have no fiscal impact on the Courts.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate this legislation will not significantly alter its caseload.

In response to a similar proposal from this session (SCS/SB 1096, FN 4109-02), officials from the **Office of Prosecution Services** indicated that any costs to prosecutors could be absorbed with existing resources.

Officials from the **Department of Corrections (DOC)** state that supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Office of Secretary of State (SOS)** assumed the rules, regulations and forms

ASSUMPTION (continued)

issued by the Public Service Commission could require as many as 20 pages in the *Code of State Regulations*. For any given rule, roughly half again as many pages are published in the *Missouri Register* as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. These costs are estimated. The estimated cost of a page in the *Missouri Register* is \$23. The estimated cost of a page in the *Code of State Regulations* is \$27. The actual costs could be more or less the SOS's estimated cost of \$1,230 for FY 2005. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules, filed, amended, rescinded or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials of the **Department of Economic Development, Public Service Commission (PSC)** assume the proposed bill would require the agency to license manufactured home installers, issue limited use installer licenses, set-up a dispute resolution process/procedure, conduct field inspections of a percentage of all new homes sold, set-up an installer training program and develop a decal to be attached to all new homes set-up by licensed installers. The agency anticipates the training will be conducted by a private company. Currently the agency only conducts field inspections of new homes after receiving a consumer complaint. PSC estimates 150 to 200 installers may require licensing. One hundred (100) limited use installers permits will be issued and an estimated 3,000 decals will be issued annually. PSC estimates the dispute resolution process would be limited and minor. Fees will have to be set by the agency to cover the cost of the required programs. The current annual revenues for the Manufactured Housing Program are not sufficient to cover the cost of any additional programs.

PSC is requesting the following FTE (to work out of the Jefferson City office):

One Senior Office Support Assistant - Responsible for reviewing and issuing the installers licenses, limited use permits, issuing decals, maintaining a database of licenses and accounting for and tracking all fees received and answering related correspondence in a timely manner.

One additional Manufactured Housing Field Inspector - To perform field inspections of new home set-ups, oversee and assist with the review and approval of the installer training program, assist with the dispute resolution process and new home decal verification. This position is estimated at 40% travel.

ASSUMPTION (continued)

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. Also, **Oversight** assumes the two FTE will be paid from the license fees collected and deposited into the Manufactured Housing Fund. **Oversight** assumes the fees will be set at a level to cover the costs necessary to implement this proposal.

Oversight assumes the bonds or other securities would be held in trust and, only if forfeited, would be deposited into the Manufactured Housing Fund.

Based on prior legislation with like penalty provisions, **Oversight** assumes there would be no fiscal impact to the Office of State Public Defender.

This proposal is part of a Federal Mandate promoted by the industry to improve the quality and safety of manufactured homes by ensuring the installers are licensed, trained and accountable for the final set-up of the home.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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MANUFACTURED HOUSING FUND

<u>Income</u> - Fees for license to install manufactured homes	Unknown	Unknown	Unknown
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<u>Cost</u> - Public Service Commission			
Personal Service (2 FTE)	(\$41,113)	(\$50,569)	(\$51,833)
Fringe Benefits	(\$16,638)	(\$20,465)	(\$20,977)
Expense & Equipment	(\$26,728)	(\$11,392)	(\$11,734)
Total Cost - PSC	(\$84,479)	(\$82,426)	(\$84,544)

ESTIMATED NET EFFECT ON MANUFACTURED HOUSING FUND*	<u>\$0 to</u> <u>UNKNOWN</u>	<u>\$0 to</u> <u>UNKNOWN</u>	<u>\$0 to</u> <u>UNKNOWN</u>
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*Assumes fees would equal or exceed costs.

FISCAL IMPACT - Local Government

FY 2005
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This legislation could have an effect on small businesses in the business of installing manufactured homes.

DESCRIPTION

This proposal establishes the Manufactured Home Installation Act. A new type of professional (the manufactured home installer) will be licensed by the Public Service Commission. The act requires the Public Service Commission to implement a program consistent with the American Home Ownership and Economic Opportunity Act of 2000 (federal law). Under that federal act, states which do not have their own programs in place by December 27, 2005, the federal law will be enforced by the Department of Housing and Urban Development.

A manufactured home installer shall not engage in that business without obtaining a license from the Public Service Commission. Cities and counties shall require any additional license. Dealers or manufacturers who perform their own installation must have one licensed installer. Persons installing a manufactured home on his or her own property for their own occupancy do not need to obtain a license.

The proposal delineates the requirements for obtaining a license. The applicant must complete a training program approved by the PSC and must obtain a passing grade on an examination which will ascertain whether the applicant has adequate skills and knowledge pertaining to the home installation profession. The applicant must also pay all applicable fees. The applicant must also show proof of a certificate of insurance for workers' compensation insurance and show proof of general liability insurance in an amount of \$300,000.

The proposal allows the PSC to waive the training and examination requirements for home installers who have licenses from other states with similar licensing requirements.

The proposal allows the PSC to issue a limited use installer license to a person who has not met the training and examination requirements of the act. The limited licensee may install homes under licensed supervision and must pass the required examination before attaining a full license.

The proposal provides for the renewal of an installer license. The PSC may suspend a person's

DESCRIPTION (continued)

license for failure to carry the required workers' compensation coverage or general liability insurance coverage. The PSC may also grant inactive status to a licensee.

The proposal provides penalties for fraudulently obtaining a license, committing a crime relating to the home installation profession, violating orders of the PSC, or violating installation standards provided by the act. A person who violates these provisions may have their license revoked or suspended. Decisions to revoke or suspend a home installer's license are subject to judicial review.

The proposal allows the PSC to investigate complaints against home installers and allows the PSC to seek a restraining order or writ of mandamus in the name of the state against persons who are violating any provisions of this act or order of the PSC.

Under the proposal, the PSC must require installers to install homes in accordance with the installation instructions approved by the United States Department of Housing and Urban Development and provided by the manufacturer of the manufactured home. The PSC shall adopt standards for the proper installation of manufactured homes. Licensed installers shall purchase installation stickers from the PSC and shall affix such sticker to the manufactured home upon completion of the installation. The PSC shall inspect a percentage of installed manufactured homes consistent with federal requirements.

The proposal requires the PSC to implement a process to address installation-related disputes among manufacturers, dealers and licensed installers. The PSC may implement the provisions of this proposal using its own employees, independent contractors, or through other private or public entities. All fees collected pursuant to this act shall be deposited in the Manufactured Housing Fund.

This legislation is federally mandated.

The proposed legislation does not duplicate any other program and does not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Public Service Commission
Office of State Treasurer
Department of Revenue
Office of Secretary of State
Administrative Rules Division
Department of Public Safety
Missouri State Highway Patrol
Office of State Courts Administrator
Department of Corrections
Office of Administration
Administrative Hearing Commission
Office of State Public Defender
Office of Prosecution Services



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