

Legislative Analysis



MOBILE HOME COMMISSION ACT

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 4298 (H-1) as reported from committee
Sponsor: Rep. John D. Cherry

Analysis available at
<http://www.legislature.mi.gov>

House Bill 4299 (H-1) as reported
Sponsor: Rep. Bronna Kahle

House Bill 4302 (H-1) as reported
Sponsor: Rep. Mike Mueller

House Bill 4300 (H-1) as reported
Sponsor: Rep. TC Clements

House Bill 4303 (H-1) as reported
Sponsor: Rep. Angela Witwer

House Bill 4301 (H-1) as reported
Sponsor: Rep. Tim Sneller

House Bill 4304 (H-1) as reported
Sponsor: Rep. Kevin Hertel

Committee: Regulatory Reform
Complete to 5-11-21

BRIEF SUMMARY:

Except for HB 4303, the bills would amend the Mobile Home Commission Act, which provides for the regulation of mobile homes in mobile home parks or seasonal home parks by the Department of Licensing and Regulatory Affairs (LARA) and the Manufactured Housing Commission. (HB 4303 would add a new section to the Truth in Renting Act.) Significant changes proposed by the bills include the following:

- Revising the license fees to own a mobile home park or seasonal mobile home park and decreasing the term a license is valid from three years to two years. (HB 4298)
- Creating a provisional license for park ownership by a person who has not previously been licensed and allowing LARA to issue a license to a nonresident or a foreign corporation if certain conditions are met. (HB 4298)
- Prohibiting an owner of an unlicensed mobile home park from collecting rent or taking action for possession against residents and allowing a tenant to bring an action against an owner for a violation. (HB 4298)
- Revising the rules required to be included in the mobile home code. (HB 4300)
- Requiring LARA to provide written notice of a license denial and allowing an applicant to appeal the denial. (HB 4299)
- Requiring a park owner to provide LARA with certain documentation within 30 days after selling the park. (HB 4299)
- Requiring LARA to employ an appropriate number of employees as required to implement the act and departmental rules. (HB 4301)
- Creating new administrative fines for violations of the act and for owning an unlicensed mobile home park or seasonal mobile home park. (HB 4301)
- Requiring LARA to publish on its website certain information on mobile home and seasonal mobile home parks. (HB 4301)
- Requiring mobile home lease agreements to comply with the Truth in Renting Act and tenants and prospective tenants to be offered a lease or a rental agreement of at least one year. (HBs 4302 and 4303)

DETAILED SUMMARY:

House Bill 4298 would amend requirements for licensure under the Mobile Home Commission Act. Section 16 now prohibits the operation of a mobile home park or seasonal home park without a license. The bill would replace the term “operate” with “own.”

Licensure

The bill would provide that if LARA determines that an owner of a mobile home park or seasonal mobile home park (“park”) is not licensed, an administrative fine of up to \$100,000 must be imposed after notice and a hearing provided under the Administrative Procedures Act.

A person who has applied to LARA for a license would not be in violation of operating without a license unless LARA denies the license application and the person has exhausted an administrative review by LARA and the commission.

An unlicensed owner of a park, and its subsidiaries, agents, attorneys, representatives, employees, affiliates, or any other person that is responsible for the day-to-day operation of the park, would be prohibited from collecting rent or taking any action for possession against residents. If the tenant pays the utility service fees directly to the utility service provider, the tenant would have to continue to do so. For any period of time that a park is unlicensed, the owner could not recover rent or fees. A tenant could bring an action on his or her own behalf for a violation of these prohibitions. 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 the court.

Under the bill, a license issued by LARA on or before December 31, 2021, would expire on December 31, 2023. Beginning January 1, 2024, the term of a license would be two years (decreased from the current license term of three years).

Currently, LARA is required to issue a license only if all requirements listed in the act are met. The bill would require LARA to issue the license within 60 days of receiving the license application if all of the listed requirements were met. The listed requirements would be as follows:

- A current requirement is that the applicant submit a complete application. The bill would add that the completed application must meet all of the following:
 - Show the financial ability of the applicant to operate and maintain the park in accordance with financial standards promulgated by rule by submitting required documentation demonstrating the applicant’s financial viability.
 - Affirm the applicant’s ability to comply with the applicable laws, rules, and state regulations.
 - Affirm that the applicant, any general partner, managing member, subsidiary, affiliate, or other person controlled by or under common control with the applicant does not have a record of unjustifiable rent increases within the past seven years and either has not been denied licensure for a park or had a license to own a park suspended, canceled, or revoked by a state agency within the past seven years or demonstrates that a suspended, canceled, or revoked license has since been reinstated or reissued.
 - Affirm that the applicant and any person with decision- or policy-making authority for the applicant, or who is responsible for the applicant’s day-to-day operation of the park,

has not been convicted of a crime involving fraud, deceit, or nonfeasance within the past seven years.

- Affirm that, before submitting the application, each park owned by the applicant and any of the other listed persons was in substantial compliance with the standards established by LARA during the most recent inspection and that all material deficiencies identified during the inspection were corrected.
- Certifications and recommendations of appropriate agencies and local governments be submitted to and approved by LARA. (This is a current requirement.)
- Pay the applicable fee. (This is a current requirement.)
- The park was approved as being in substantial compliance after its most recent inspection. (This is a current requirement.)
- Beginning January 1, 2023, the applicant has been previously issued a provisional license or a license to own the park.

Under the bill, LARA could require a signed affidavit from the applicant attesting to the veracity of the information required to be included in it and would be required to deny the application if those requirements were not met.

LARA could also conduct, to determine whether an applicant is eligible for a license, a criminal background check using the Law Enforcement Information Network (LEIN) or the Internet Criminal History Access Tool (ICHAT).¹

Provisional license

A provisional license would entitle the holder to all of the rights, privileges, requirements, and penalties applicable to the holder of a mobile home park or seasonal mobile home park license issued under the act. Beginning January 1, 2023, a provisional license would be required before taking ownership of a park by any person that has not been previously licensed under section 16; the applicant would have to be issued a provisional license before taking ownership of a park. A provisional license would be valid for two years and could not be extended or renewed. LARA would be required to issue a provisional license if the applicant submits a complete license application, obtains all other required government certifications and approvals, and pays the required fee.

Within one year of issuing a provisional license, LARA would have to inspect and identify any violation of the act regarding the ownership or operation of a park by the owner of that park. LARA would have to notify the park owner of any violation found during the inspection and provide a notice as required under the act.

¹ Note: LEIN and ICHAT provide criminal history information based on a person's name and contain Michigan data. LEIN access is restricted, and it is not directly accessible by LARA. For a criminal background check to search national databases, a statute must specifically require fingerprints to be provided to the Michigan State Police for forwarding to the FBI and authorize the FBI to conduct such a search. Information provided by a national criminal history check may be distributed only as provided under state and federal law.

License fees

The bill would revise the license fees for owning a mobile home park or seasonal mobile home park as follows:

Until September 30, 2021:

- \$225 for a mobile home park, plus an additional \$3.00 for each home site in excess of 25 home sites.
- \$120 for a seasonal mobile home park, plus an additional \$1.50 for each home site in excess of 25 home sites in the park.

The bill would delete a current provision allowing for a lesser amount established under section 9(5).

Beginning October 1, 2021:

- \$350 to own a mobile home park, plus an additional \$4.75 for each home site in excess of 25 home sites in the park.
- \$200 to own a seasonal mobile home park, plus an additional \$2.25 for each home site in excess of 25 home sites in the seasonal mobile home park.

Beginning December 31, 2023:

- \$450 to own a mobile home park, plus \$5.25 per each home site in excess of 25.
- \$250 to own a seasonal mobile home park, plus \$2.75 per home site in excess of 25.

Beginning January 1, 2023:

- \$450 for a provisional license to own a mobile home park, plus \$5.25 per home site in excess of 25 or any lesser amount established under section 9(5).
- \$250 for a provisional license to own a seasonal mobile home park, plus \$2.75 per home site in excess of 25 or any lesser amount established under section 9(5).

Nonresident license

LARA could issue a license to own a park to a nonresident if the nonresident complies with the act's requirements. However, a license to own a park could not be issued to a foreign corporation unless it is authorized to do business in Michigan by LARA, files with the commission a consent to service of process in a commission-prescribed form, and complies with all other requirements of the act.

Rule promulgation

No later than January 1, 2023, and after consultation with the commission, legal aid groups, consumer advocates, representatives of the manufactured housing industry, residential groups, local governments, and other interested parties, LARA would have to revise and promulgate rules governing the licensure of owners of mobile home parks and seasonal mobile home parks. The rules would have to include standards to meet the licensing requirements of section 16.

Further, the bill would delete a requirement that the commission promulgate rules addressing specified topics and procedures. This provision would be added to a new section 16b proposed by House Bill 4299.

MCL 125.2316

House Bill 4299 would provide that, notwithstanding any provision of law to the contrary, if a license application is denied under section 16 (HB 4298), LARA would be required to give written notice by registered mail stating reasons for the denial and the applicant's right to appeal the denial to the commission; an appeal could be requested not later than 15 business days after the U.S. Postal Service confirmed delivery or the attempted delivery of the denial.

LARA would have to set a date and place for the commission to hear the appeal, which could be at any regular meeting or any special meeting of the commission called for that purpose. Within 120 days of the appeal, the commission would have to issue a determination to LARA. If the commission's determination differed from LARA's decision, the commission would have to issue a written opinion stating the reasons for the determination, including the applicable statutory provision or departmental rules it relied on in making that determination.

Upon receipt of the commission's determination, and based on the commission's licensure determination or rejection of the applicant's appeal, LARA would have to issue or decline to issue the license. If LARA fails to set a date and place for the commission to hear the appeal within 120 days of the request for an appeal, LARA would be required to issue the license.

A licensed owner must notify LARA within 30 days of a change in ownership or a change in the licensed owner's mailing or business email address.

Within 30 days of the sale of a park, the owner would have to provide LARA with a copy of the sales contract or any recorded deed and notify the department of all of 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.

Rule promulgation

A provision in section 16 (amended by HB 4298) requiring the commission to promulgate rules, and the list of what the rules must address, would be moved to the new section 16b, but would require LARA, in consultation with the commission, to promulgate the rules.

Proposed MCL 125.2316b

House Bill 4300 would amend section 5 of the act, which now requires LARA, after consulting with representatives of the manufactured housing industry, and other interested parties, to promulgate the mobile home code subject to section 4 (amended by HB 4301). The mobile home code is required to consist of rules to govern various aspects of mobile home parks, for example, licensure and the business, sales, and service practices of mobile home dealers.

The bill would amend section 5 to add the commission, consumer advocates, legal aid groups, local governments, and residential groups to the list of those LARA must consult with. LARA would have to promulgate the mobile home code by December 31, 2022, and revise the rules required to be included in the code as follows:

- Include in the standards for the construction of mobile home parks standards for fire hydrants, road signs, and community buildings.

- Expand the current rule regarding the business practices of mobile home dealers to include requiring advertisements to contain contact information and place parameters on dealer sales financing practices and terms, claims, and conditions to the sale of a mobile home.
- Delete the current rule regarding the licensure and regulations of mobile home installers and repairers and replace it by expanding a rule regarding the business practices of mobile home installers and repairers to include training and licensing requirements for individuals who install and service mobile homes in parks.

The bill would add additional rules to govern the following:

- Inspections, including audit inspections of parks.
- Retailers and retailers' agents practices and prohibited practices, including violations of the act and its rules, 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 hearing process for persons aggrieved by a local government's decision in relation to a park licensed under the act.

In addition, the bill would provide that all administrative rules promulgated under the act by LARA or the commission and not rescinded on the bill's effective date are authorized, valid, and enforceable and would remain in effect until December 31, 2022, or the date on which LARA promulgates administrative rules under this provision, whichever is earlier.

MCL 125.2305

House Bill 4301 would require LARA to employ an appropriate number of employees with the appropriate qualifications as required to implement and enforce the act and related departmental rules. This would include staff to conduct community inspections, review financial information, manage the licensing process, and investigate potential violations of the act and rules. In addition, LARA would have to report to the commission on the expenditure of all fees collected under the act, at every meeting of the commission, instead of quarterly as currently required.

Currently, after consulting with and considering comments from representatives of the manufactured housing industry and other interested parties, the commission may recommend rules to LARA to implement and administer the act. The bill would add consumer advocates, legal aid groups, residential groups, and local governments to the list of those the commission must consult with and specify that "interested parties" must at least include organizations known by the commission to represent residents of mobile home parks.

Administrative fines

In addition to currently authorized sanctions the commission may impose for violations of the act, the bill would allow an administrative fine of up to \$5,000 to be imposed.

The bill would also require LARA to provide a written notice to an unlicensed owner of a mobile home park that an application for licensure must be made to LARA within 30 days of the date of the notice. LARA would have to forward a copy of the written notice to the clerk of the city, village, or township where the mobile home park is located. If the unlicensed owner or operator fails to apply for licensure within the 30-day period, LARA would have to begin

proceedings to impose a fine on the unlicensed owner or operator. If LARA determines that a person owned or operated a mobile home park or seasonal home park without a license, and after notice and a hearing as provided under the Administrative Procedures Act, a fine of up to \$100,000 would have to be imposed. LARA would be required to advise the attorney general of the failure of any person to pay any administrative fine imposed for an authorized sanction. The attorney general could bring a civil action in a court of competent jurisdiction to recover the fine.

A fine imposed under the above provision could be collected by the imposition of a judgment lien by a court or obtaining a writ of garnishment against the person determine to have violated the act. A writ of garnishment would have to be issued by a court and directed to the state or the state treasurer to satisfy the fine. In obtaining a writ of garnishment, the commission would have to comply with the requirements of Chapter 40 of the Revised Judicature Act. (Fines collected under this section of the act are credited to the Mobile Home Code Fund.)

Website

By January 1, 2023, LARA would have to establish, or cause to be established, a database of mobile home park owners that includes every licensed mobile home park owner's contact information, license number, and current licensing status and have the database available to the public on LARA's website. The database would have to include each licensed mobile home park owner. LARA would have to establish a method in which public could submit a reporting form on its website regarding potentially unlicensed owners. LARA would have to update the public database within 30 days of a change in licensure status. To the extent an existing database complies with the bill's requirements, it could be used by the department.

Further, the database would have to provide a means by which an owner could update the owner's contact information. An owner would also have to designate an individual who is an owner, officer, director, or employee of the owner as the owner's designee to communicate with LARA and provide that individual's contact information to the department as specified in the bill. An owner would have to notify LARA within 30 days if the mobile home park were sold and if the owner's designee changed. Failure to update the required information could subject the owner to an administrative fine of \$50 after notice and a hearing. A fine assessed under this provision would have to be paid before a license to the mobile park owner is issued or renewed.

Service of process

Currently, a person applying for a license to own a park or for a construction permit must file an irrevocable consent appointing the commission to be the person's attorney to receive service of lawful process in any noncriminal action or proceeding against that person. Under the bill, service of process could be made by filing a copy of the process in the office of the commission along with a \$25 fee, as is now current practice. However, the service would not be effective unless the commission immediately sends notice of the service and a copy of the process, within five days of receiving the process, by registered or certified mail to the last known Michigan address of the defendant or respondent or takes other steps reasonably calculated to give actual notice. As now, the commission would have to file the affidavit or other proof of compliance with this provision on or before the return day of the process, if any, or within the time allowed by the court.

MCL 125.2304, 125.2335, and 125.2343

House Bill 4302 would require an owner of a mobile home park or seasonal mobile home park to offer a lease or rental agreement with a term of at least one year to a tenant or prospective tenant. However, this provision would not prohibit an owner from entering into a monthly lease or rental agreement with a tenant or prospective tenant. In addition, at least 30 days before a lease or a rental agreement with a term of one year or more expires, the owner would have to deliver a written or email notice to the tenant that identifies the date the lease or rental agreement ends and offers a renewal of the lease or a new lease or rental agreement. 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.

A lease or rental agreement 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. Further, a lease or rental agreement 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 provisions of section 16.

The bill would require a lease or rental agreement under the act to comply with the Truth in Renting Act. A violation, as provided in section 42, would be a misdemeanor punishable by a fine of up to \$500 per day for each separate violation, imprisonment for up to one year, or both. In addition, a tenant or a mobile home or seasonal mobile home park could bring an action on his or her own behalf for a violation.

Proposed MCL 125.2328d

House Bill 4303 would add a new section to the Truth in Renting Act to provide that both of the following apply to a lease or rental agreement under the Mobile Home Commission Act:

- An owner of a mobile home or seasonal mobile home park must offer a lease or rental agreement with a term of at least one year to a tenant or a prospective tenant. However, the bill would not prohibit an owner from entering into a monthly lease or rental agreement with a tenant or prospective tenant.
- Not less than 30 days before the expiration of a lease or rental agreement with a duration of one year or longer, the owner must deliver to the tenant a written or electronic notice with the date it ends and offering a renewal of the lease or renewal agreement. Any expired lease or rental agreement that was 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 owner of a park to terminate a lease or rental agreement for just cause under section 5775 of the Revised Judicature Act.
- A lease or rental agreement between a park owner and a tenant for a duration of less than one year would have to include language that a lease or rental agreement for a duration of one year or more was offered but was declined. The lease or rental agreement would also have to include language that an unlicensed owner of a park could not collect rent or take any action for possession against residents under section 16 of the Mobile Home Commission Act.

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

Proposed MCL 554.634a

House Bill 4304 would authorize an owner of a mobile home park at which a mobile home owned by another person is located to declare the mobile home abandoned if all of the following conditions are met:

- A court order restores possession of the premises to the mobile home park owner.
- Either the mobile home has been continuously unoccupied for at least 90 days after the court order was issued or rent has not been paid for at least 10 days after the court order was issued.
- Any indebtedness secured by the mobile home or that is related to a lease agreement or terms of tenancy between the mobile home park owner and the mobile home owner is delinquent.
- The mobile home park owner is licensed under the act to own the park.

Notice of intent

After the above conditions are met, and before declaring a mobile home abandoned, the mobile home park owner would have to do all of the following:

- Use industry standards to calculate the fair market value of the mobile home and determine whether that value exceeds the sum of any lot rent due but unpaid, any unpaid fees, and any unpaid utility service fees owed to the park owner by the mobile home owner.
- Affix to the mobile home a notice of intent to declare the mobile home abandoned.
- Send the notice of intent, and a copy of the complete appraisal or other valuation document on which the park owner relied on to determine the fair market value of the mobile home, by certified mail to all of the following:
 - Mobile home owner.
 - All persons identified on the lease.
 - All forwarding addresses provided by the mobile home owner to the park owner.
 - All lienholders at the addresses listed on the mobile home owner's title.
- File a copy of the notice of intent with the secretary of state (SOS).

If the park owner determines that the fair market value of the mobile home exceeds the sums owed as described above, the park owner would have to—upon filing the notice of intent with the SOS to declare the mobile home abandoned—make a good-faith effort to send a written notice to the mobile home owner that he or she is entitled to receive the amount of the excess from the mobile home park, subject to any liens on the mobile home, that is equal to the fair market value of the mobile home minus the sum for the amounts due. The written notice would have to include a check for the amount of the excess and a written statement in at least 12-point boldface type as prescribed in the bill. The written statement would explain how the amount was arrived at, that cashing or depositing the check acts as acknowledgment that the calculation of the fair market value of the mobile home was accurate, and that the mobile home owner is releasing the park from any further liability arising from section 30j of the Mobile Home Commission Act. Further, the written statement would have to state the rights the owner has if he or she does not agree with the fair market calculation.

Within 10 days of receiving the notice of intent, the SOS would have to mail a written notice to the mobile home owner and any lienholder at all current addresses the SOS has in its records for mobile owner and the lienholder. The written notice would have to contain all of the following:

- A statement explaining the requirements of HB 4304.

- Contact information for the SOS if the mobile home owner intends to contest the declaration that the mobile home is abandoned.
- A statement explaining that the mobile home owner may contest the declaration that the mobile home is abandoned before a court.

Upon receiving the notice of intent to declare the mobile home abandoned, the mobile home owner or a lienholder could enter into the mobile home park to remove the mobile home. The mobile home owner or the lienholder would be responsible to the mobile home park owner for all actual damages to the park resulting from removing the mobile home and any amount owed for lot rent, unpaid fees, and utility service fees.

Mobile home park owner applying for title of abandoned mobile home

If a mobile home that is not encumbered by a lien remains in the mobile home park for at least 30 days after the date the written notice to the SOS is postmarked, the mobile home park owner could declare the mobile home abandoned and could apply to the SOS to obtain title to the mobile home.

If a mobile home encumbered by a lien remains in the mobile home park for at least 60 days after the date the written notice to the SOS is postmarked, the lienholder must inform the park owner that the lienholder will not retain ownership of the mobile home, remove the mobile home from the park, or provide a written or electronic notice to the park owner of the lienholder's intent to retain ownership of the mobile home and remove it from the park. If the lienholder notifies the park owner of the intention to retain ownership of the mobile home, the lienholder could, upon the payment of rent and fees that have accrued from the date of the notice to the SOS, keep the mobile home in the park as long as the lienholder pays standard monthly lot rent, utility service fees, and other normal charges from the date of the notice to the SOS until the mobile home is removed from the park or sold to a new owner who enters into a lease agreement with the park owner. A payment made under this provision would be subject to late fees, nonsufficient fund fees, and other service charges provided under the park's rent or fee schedule. Should the lienholder fail to meet these requirements, or inform the mobile home park that the lienholder will not retain ownership of the mobile home, all liens on the mobile home would be extinguished and the park owner could declare the mobile home abandoned and could apply to the SOS to obtain title to the mobile home.

The application for title of the abandoned mobile home by the mobile home park owner would have to include an affidavit that includes all of the following statements:

- That the person applying for the title is the licensed owner of the mobile home park in which the mobile home is located.
- That the title of the mobile home is being transferred to the licensed owner of the mobile home park in which the mobile home is located.
- That the mobile home park owner complied with all the requirements of HB 4304.
- That the mobile park owner is not aware of any challenge to the declaration that the mobile home is abandoned or of any court proceeding challenging the declaration that the mobile home is abandoned.

The SOS could require the mobile home park owner to provide proof of its compliance with the bill's provisions in the application to transfer the title of the mobile home to the mobile home park owner. Within 10 days after receiving the application to transfer the title of the mobile home to the mobile home park, the SOS would have to issue title to the mobile home

park owner. Except as otherwise provided regarding a mobile home to which a lien is attached, if there is evidence of a mail return receipt showing proof of delivery of the notice of intent 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.

Lastly, as part of the transfer of title to an abandoned mobile home, the owner of a mobile home is 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 amount for utility services that are owed to the mobile home park by the mobile home owner. If the amount calculated is greater than zero, the mobile home park owner taking title to an abandoned mobile home would be required to do all of the following:

- If the mobile home is not subject to a lien—make a good-faith effort, within 90 days of receiving title, to pay the amount that exceeds zero to the mobile home owner.
- If the mobile home is subject to a lien—pay to any lienholder, within 90 days of receiving title, the amount for which the lienholder has provided written evidence to the mobile home park owner as due and owing to the lienholder. The mobile home park owner would have to make a good-faith effort to pay any remaining balance to the owner of the mobile home.
- If the mobile home owner does not claim the amount due or the balance remaining after the lienholder was paid, 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 under section 30a of the act.

Proposed MCL 125.2330j

Tie-bars

The bills are all tie-barred to each other, which means that none of them can take effect unless all of them are enacted.

FISCAL IMPACT:

House Bill 4298 would have significant fiscal implications for LARA, primarily by revising licensure requirements for owners of mobile home parks and seasonal mobile home parks. These revisions would increase revenues that are deposited to the Mobile Home Code Fund, likely by millions of dollars.

Beginning on January 1, 2024, the bill would shorten the effective period of owner licenses from the three years established under current statute to two years. The bill would also establish a new license category, a provisional license for mobile home park and seasonal mobile home park owners that were previously unlicensed. The fee for a provisional license for a mobile home park owner would be \$450, plus an additional \$5.25 for each home site in excess of 25; the provisional license fee for a seasonal mobile home park owner would be \$250, plus an additional \$2.75 for each home site in excess of 25. Projected revenues from this license would depend on licensure volumes, which are presently indeterminate. The bill would also revise the amount of owner licensure fees collected, as provided in the following table.

License Category	Fee Through 9/30/2021	Fee From 10/1/2021 Through 12/30/2023	Fee From 12/31/2023 Onward
Mobile Home Park Owner	\$225	\$350	\$450
Sites in Excess of 25 in a Mobile Home Park	\$3.00 per site	\$4.75 per site	\$5.25 per site
Seasonal Mobile Home Park Owner	\$120	\$200	\$250
Sites in Excess of 25 in a Seasonal Mobile Home Park	\$1.50 per site	\$2.25 per site	\$2.75 per site

Given the mechanics of the licensure renewal cycle, it is difficult to provide a precise year-by-year analysis of how much additional revenue would be created by the tandem measures of changing the licensure cycle from three years to two years and the graduated fee increases. To appreciate the level of revenue increase that would be experienced from these changes, it is useful to compare what licensure revenues at current fee levels would be over a six-year period and what licensure revenues from the final fee level would be over a six-year period. Using the same number of licensees (figures reported by LARA for FYs 2017-18, 2018-19, and 2019-20), revenues over a six-year period for current fee levels would be expected to yield approximately \$1.44 million in revenue, while under 12/31/2023 fee levels, revenues would be expected to be \$3.99 million, an increase of \$2.55 million (176.5%). This revenue increase would result in additional revenues being deposited to the Mobile Home Code Fund, a state restricted fund that is used (subject to legislative appropriation) for the operation of the Bureau of Construction Codes and indirect overhead expenses of LARA. It is presently indeterminate whether LARA would be likely to incur additional costs as a result of this bill.

The bill would allow for the imposition of an administrative fine of up to \$100,000 if an owner of a mobile home park or seasonal mobile home park is unlicensed. The amount of revenue from this fine would depend on the number of violations and it presently indeterminate; revenue from this fine would be deposited to the Mobile Home Code Fund.

Under the bill, LARA would be allowed to conduct criminal background checks on licensure applicants to determine applicant eligibility. Depending on the type of background investigation utilized, costs could be incurred for this activity. For reference, a fingerprint-based criminal history background check through the Department of State Police currently costs \$43.25 (\$30 for the Michigan State Police state-level check and \$13.25 for the Federal Bureau of Investigation federal-level check). Non-fingerprint background checks can be conducted without charge through the publicly accessible ICHAT and other registries.

The bill could also have a fiscal impact on local court systems. Any fiscal impact would depend on how provisions of the bill affected court caseloads and related administrative costs.

House Bill 4299 is not expected to have an appreciable fiscal impact on any unit of state or local government. Any miscellaneous costs that may be incurred by LARA under the bill would likely be minimal and supported by existing appropriations.

House Bill 4300 would not have an appreciable fiscal impact on any unit of state or local government.

House Bill 4301 would have an indeterminate net fiscal impact on LARA. The bill would require LARA to employ “an appropriate number of employees with the appropriate qualifications as required to implement and enforce this act and the rules promulgated under this act.” The bill specifies that additional staff would conduct community inspections, review financial information, manage the licensing process and investigate potential violations. It is unclear whether this provision would necessitate the hiring of additional staff. However, any additional FTEs would increase departmental costs, with the average state classified employee having a salary of \$63,772 in FY 2019-20,² which does not include costs for fringe benefits. While it is not specified how any additional positions would be funded, presumably the Mobile Home Code Fund would be utilized. The table below shows the fiscal year-end balance and fiscal year-end fund change in this fund for each of the previous four fiscal years (the most recent years for which finalized data are available).

Fiscal Year	Year-End Fund Balance	Year-End Fund Change
FY 2018-19	\$4,217,198	\$1,264,594
FY 2017-18	\$2,953,865	\$1,673,193
FY 2016-17	\$1,265,697	\$585,244
FY 2015-16	\$680,454	(\$115,893)

LARA would also be required to create a publicly accessible database of mobile home park owners. The cost of creating and maintaining the database with the functionality required under the bill is presently indeterminate, but could result in higher costs for the department.

The bill would allow for a \$50 administrative fine to be assessed on mobile home park owners who fail to update their information as required under section 4(5) and for the imposition of a fine of up to \$100,000 on persons who owned a mobile home park or seasonal mobile home park without a license. The amount of revenue from both of these fines would depend on the number of infractions and is presently indeterminate; however, any revenue collected from these fines would be deposited to the Mobile Home Code Fund.

The bill would require the Department of the Attorney General (AG) to bring a civil action against any person identified as failing to pay a fine for unlicensed operation of a mobile home park. The additional caseload of any potential future civil action would likely be marginal and able to be supported through existing appropriations to the AG. Should the increased caseload result in enough work to exceed the capabilities of existing AG attorneys and staff, the annual

² As reported in the Forty-First Annual Workforce Report, published by the Michigan Civil Service Commission.

cost for an additional attorney FTE within the AG is approximately \$180,000 and for support staff approximately \$100,000.

The bill could also have a fiscal impact on the state and on local court systems. A tenant of a mobile home park or seasonal mobile home park could bring an action on his or her behalf for a violation under the bill to a court of competent jurisdiction. The fiscal impact to the state would depend on the remedy to the situation. Under section 43 of the Mobile Home Commission Act, any fines collected under the act are to be deposited to the Mobile Home Code Fund. The fiscal impact to locals would depend on how provisions of the bill affected court caseloads and related administrative costs. Because there is no practical way to determine the number of violations that might occur under provisions of the bill, or the remedies that would be assigned, there is no way to estimate the amount of revenue the state would collect.

House Bill 4302 would have a fiscal impact on the state and on local court systems. If a lease or rental agreement does not comply with the Truth in Renting Act, the person violating the Truth in Renting Act would be guilty of a misdemeanor under section 42 of the Mobile Home Commission Act, and could be sentenced to up to one year in jail and/or a \$500 fine per day. The number of convictions that would result under provisions of the bill is not known. New misdemeanor convictions would increase costs related to county jails and/or local misdemeanor probation supervision. Costs of local incarceration in county jails and local misdemeanor probation supervision, and how those costs are financed, vary by jurisdiction. Any increase in penal fine revenue would increase funding for public and county law libraries, which are the constitutionally designated recipients of those revenues. A tenant of a mobile home park or seasonal mobile home park could bring an action on his or her behalf for a violation under the bill to a court of competent jurisdiction. The fiscal impact to the state would depend on the remedy to the situation. Under section 43 of the Mobile Home Commission Act, any fines collected under the act are to be deposited to the Mobile Home Code Fund. The fiscal impact to local units would depend on how provisions of the bill affected court caseloads and related administrative costs. Because there is no practical way to determine the number of violations that might occur under provisions of the bill, or the remedies that would be assigned, there is no way to estimate the amount of revenue the state would collect.

House Bill 4303 subjects leases or rental agreements made under the Mobile Home Commission Act to provisions of the Truth in Renting Act. Violations of the Truth in Renting Act are typically handled by the landlord “curing” the violation, but, in the event the violation isn’t cured, the case can be pursued in court. Therefore, the bill could potentially have an indeterminate fiscal impact on local units that would depend on how many of these cases end up in local courts.

House Bill 4304 would result in increased costs for the Department of State (DOS) from additional mailing and administrative responsibilities. The bill may also result in increased revenue to the Mobile Home Code Fund. Actual costs to DOS would depend on the number of notices of intent to declare a mobile home abandoned that are sent to the secretary of state, which is not known at this time.

Primary factors for increased costs include additional mailing materials and postage, as well as the possible need to hire an additional FTE position to administer the new mailing and tracking process to satisfy the bill’s requirements. While the increase of additional mailing and postage costs cannot yet be determined, it would likely be marginal and may be able to be supported

through the department's ongoing annual appropriations. However, if an additional FTE position were needed to satisfy the bill's requirements, the cost would be between \$60,000 and \$80,000 annually.

The bill authorizes no additional revenue to DOS to cover new expenses. DOS currently expends approximately \$300,000 annually for costs related to mobile home titling and licensing services. These expenses are supported by reimbursements from LARA from the Mobile Home Code Fund. Section 9 of the Mobile Home Commission Act authorizes DOS to adjust fees for purposes of administering licensing and titling services required under the act. This revenue authorization, however, would not cover expenses related to processing declarations of abandoned mobile homes. LARA reimburses DOS approximately \$10 for each mobile home title and license transaction.

The bill may also result in an increase in fee revenue to the Mobile Home Code Fund should it lead to an increase in title transfers following declarations of mobile homes being abandoned. DOS received \$1.6 million in mobile home title and license fees in FY 2019-20.

POSITIONS:

Representatives of the following entities testified in support of the bills (3-23-21):

- MH Action/Manufactured Housing
- Michigan Manufactured Housing Association
- Michigan Poverty Law Program (and indicated "support in principle" 4-20-21)
- Center for Civil Justice (and indicated "support in principle" 4-20-21)

The Michigan League for Public Policy indicated support for the bills. (4-20-21)

The Michigan Realtors Association indicated support for HB 4304. (4-20-21)

The following entities indicated a neutral position on HB 4304 (3-23-21):

- Department of State
- Michigan Credit Union League

The Department of Licensing and Regulatory Affairs (LARA) indicated opposition to the bills as written. (4-20-21)

Legislative Analyst: Susan Stutzky
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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.