



Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

BILL ANALYSIS



Telephone: (517) 373-5383
Fax: (517) 373-1986

Senate Bill 158 (as reported by the Committee of the Whole)
Sponsor: Senator Dale L. Shugars
Committee: Local, Urban, and State Affairs

CONTENT

The bill would create the "Manufactured Housing Recovery Fund Act" to provide for the establishment in the Department of Commerce of a Manufactured Housing Fund, which would be capitalized at \$2 million and funded by a \$15 transaction fee paid at the time a purchaser applied to the Department of Commerce for a certificate of title to a manufactured home. Costs of administration would have to be paid out of the Fund and could not exceed 10% of the Fund.

A purchaser who obtained a final judgment against a manufacturer, installer, repairer or dealer of a manufactured home, as well as a dealer or installer and repairer who obtained a final judgment against a manufacturer, for failure to honor warranties or other contractual obligations, fraud, or violations of the Mobile Home Commission Act could apply to the court for an order directing payment from the Fund, if the bill's requirements were met. A court could order the Department to pay up to \$25,000 for an individual claim and up to \$100,000 for a group of claims. A claim could not be paid from the General Fund.

If the Department used the Fund to pay a judgment against a dealer or installer and repairer, the Mobile Home Commission would have to suspend that person's license. A license could not be reinstated until a dealer or installer and repairer paid the amount in full plus interest at 12% a year. If the Department used the Fund to pay a judgment against a manufactured home manufacturer, the manufacturer could not sell a home in the State until the Fund was repaid in full plus interest at 12% a year.

Legislative Analyst: L. Arasim

FISCAL IMPACT

The Manufactured Housing Recovery Fund would receive revenue generated through the proposed \$15 transaction fee. The \$15 transaction fee would be collected until the Fund balance reached \$2,000,000. The fee would be suspended until the balance of the Fund reached \$500,000. The Department would resume the collection of the fee at that time until the balance of the Fund again reached \$2,000,000.

The bill would have a \$200,000 negative fiscal impact on the Department of Commerce. The Mobile Home Division of the Department of Commerce would need to provide 1.5 to 2.0 positions to staff this program, which could require as much as \$100,000. Legal costs related to collection of fee revenue paid by the Fund could be as much as \$100,000 per year. Total administrative support provided by the Fund could not be more than 10% of the Fund during a single fiscal year.

There would be no fiscal impact on local governmental units.

Date Completed: 5-24-95

Fiscal Analyst: K. Lindquist

floor\sb158

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.