



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



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

House Bill 4054 (Substitute S-1 as reported)
Sponsor: Representative Andy Schor
House Committee: Regulatory Reform
Senate Committee: Regulatory Reform

CONTENT

The bill would amend the Mobile Home Commission Act to do the following:

- Require a mobile home park or seasonal mobile home park to be approved as being in substantial compliance after its most recent inspection, in order to receive a license, and otherwise expand the requirements for licensure.
- Require the Manufactured Housing Commission to promulgate rules providing standards and procedures to determine whether a mobile home park that was not in substantial compliance with rules was a distressed park.
- Require the owner of a distressed park to post financial assurance to ensure the repair and clean up of the park.
- Require the Department of Licensing and Regulatory Affairs (LARA), rather than the Department of Environmental Quality, to inspect mobile home parks.
- Require LARA to submit a copy of an inspection report to each local unit in which a mobile home park was located.
- Increase from \$10,000 to \$50,000 the maximum civil fine that the Commission may impose for a violation of the Act.
- Require LARA to notify local units of government, the mobile home park owner and operator, and the surety executing a financial assurance bond, if it determined that the owner or operator had violated the Act or rules by failing to maintain or repair park infrastructure or facilities.
- Allow LARA or its representative to enter a mobile home park and perform maintenance or repairs, if the owner, operator, or surety did not do so within 60 days after the notice was served, and to draw on the financial assurance for the expense of the work.
- Allow LARA to grant an extension of up to 90 days to perform maintenance or repairs.
- Allow LARA or a local unit to bring an action to enforce regulations and to abate or enjoin a violation, if LARA had ordered a mobile home park owner or operator to correct a violation that imminently threatened the health or safety of park residents or the public and the owner or operator failed to comply.
- Allow the court to enter an order approving the expense of maintenance, repair, or removal and place a lien on the real property, if that expense were not provided for by the financial assurance or otherwise.
- Allow a local health department to issue an order requiring a mobile home park to cease operations or prohibiting the presence of people at the park, if the condition of the park were an imminent danger to the health or lives of individuals.
- Expand the powers and duties of the Commission with regard to notifying local units of government of complaints and new, amended, or rescinded guidelines.
- Require a State governmental entity or local unit exercising powers or performing duties under the Act to make a list of its powers and duties publicly available.

The bill would take effect 90 days after its enactment.

MCL 125.2302 et al.

Legislative Analyst: Patrick Affholter

FISCAL IMPACT

The bill would have an indeterminate fiscal impact on the Manufactured Housing Commission within the Department of Licensing and Regulatory Affairs, as well as local units of government. Under the bill, the Commission would have to promulgate rules, resulting in some new administrative costs. The rules would require owners of distressed mobile home parks to post a surety bond or cash deposit that could be drawn upon to pay for repairs to substandard utility systems and other costs. Surety posted by the owner of a distressed mobile home park would allow LARA to recoup some of its costs related to the actual work done to remedy a situation resulting from a violation of the Act, and the bill would allow a court to place a lien against the property for costs in excess of the surety. These two mechanisms appear to be sufficient to cover LARA's repair costs, but they do not appear to cover administrative and legal costs that would likely be associated with addressing these sorts of issues. Those costs would be borne by existing resources, and are unknown.

The bill would increase the maximum civil fine for violations of the Act from \$10,000 to \$50,000. Revenue from these fines is credited to the Mobile Home Code Fund, which supports the program. According to an accounting query on the Michigan Administrative Information Network, an average of approximately \$21,700 was collected from these fines annually over the last 10 years. If it is assumed that the average fine would increase by a factor of five under the bill, given the increase in the maximum, average revenue from these fines would increase by \$86,800 each year.

Overall, the fiscal impact of the bill is indeterminate for LARA. The bill would likely result in a small amount of new revenue for LARA from increased civil fines, but it also would create new responsibilities. The fiscal impact of the bill would depend on how many distressed mobile home parks would require action from LARA and whether the administrative costs associated with those actions would be higher than the revenue generated by increased fines.

Date Completed: 4-27-15

Fiscal Analyst: Josh Sefton

floor\hb4054

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.