



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: Sub. H.B. 186 of the 128th G.A. **Date:** February 22, 2010
Status: As Reported by House Financial Institutions, Real Estate, and Securities **Sponsor:** Reps. Foley and Patten

Local Impact Statement Procedure Required: No — Minimal cost

Contents: Makes various changes to the laws governing the regulation of manufactured homes

State Fiscal Highlights

- The bill transfers most of the regulatory responsibility for manufactured home parks from the Department of Health to the Manufactured Homes Commission (MHC).
- The operating expenses of MHC are supported by home inspection seal fees and other license income deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). The bill creates the Manufactured Homes Commission Regulatory Fund to cover only the costs associated with the oversight of manufactured home parks.
- The bill requires that the amounts previously collected by the Department of Health for the oversight of manufactured home parks that were deposited into the General Operations Fund (Fund 4700) be transferred to Fund 4K90 on or about July 1, 2011, the beginning of FY 2012.

Local Fiscal Highlights

- No direct fiscal effect on political subdivisions. However, municipal or common pleas courts might incur some new costs for any litigation that might arise as a result of the bill. Most if not all of these costs, however, would be offset by court-assessed costs and filing fees.

Detailed Fiscal Analysis

Overview

The bill makes changes to the law regarding the oversight of manufactured home parks by transferring regulatory authority for manufactured home parks from the Department of Health (DOH) to the Manufactured Homes Commission (MHC). Currently, there are approximately 1,800 manufactured home parks in Ohio. This completes the consolidation of regulatory oversight of manufactured homes that began with H.B. 1, the main operating budget act for FY 2010-FY 2011.

In addition to transferring these existing responsibilities from DOH to MHC, the bill gives MHC authority to investigate and fine persons (up to \$1,000 per violation per day) who have violated rules or licensure requirements concerning the installation of manufactured homes, operation of a manufactured home park, or sale or display of manufactured or mobile homes. The bill also includes provisions related to foreclosure notifications in manufactured home parks, the conversion of homes parks to other uses and the compensation of homeowners in such situations, notifying potential buyers of the sale of a home park, and the posting of political signage in manufactured home parks. Finally, the bill establishes the Manufactured Homes Commission Regulatory Fund, consisting of annual manufactured home parks licensing fees, to cover MHC's oversight of manufactured home parks.

Currently, MHC's only source of funding is income from the sale of inspection seals and various certification fees that are deposited into the Occupational Licensing and Regulatory Fund (Fund 4K90). Funding for MHC's broadened authority under H.B. 1 and this bill was included in a request approved by the Controlling Board on January 11, 2010. This approval increased MHC's operating appropriation from \$400,000 in each fiscal year of the FY 2010-FY 2011 biennium to \$720,825 in FY 2010 and \$742,100 in FY 2011. Specifically, the additional amounts would be used to pay for (1) four new staff members, including an administrative assistant, a fiscal specialist, a licensing specialist, and an inspector-investigator, (2) new office equipment and vehicles, (3) web site and other IT upgrades, and (4) legal services that the Commission will require for rulemaking.

Manufactured Homes Commission Regulatory Fund and cash transfer to Fund 4K90

The bill creates the Manufactured Homes Commission Regulatory Fund to consist of license fees collected from manufactured home park operators and requires that the fund be used solely for the administration and enforcement of law pertaining to manufactured home parks. As noted previously, there are approximately 1,900 manufactured home parks in Ohio. In FY 2009, DOH collected \$170,640 in license fees and \$27,994 in plan review fees, a total of \$198,634 from manufactured home park operators. The bill also requires that the amounts attributable to DOH's oversight of

manufactured homes be transferred from the General Operations Fund (Fund 4700) to Fund 4K90 at the beginning of FY 2012.

Additional provisions

The bill would prohibit the owners and operators of manufactured home parks from restricting the indoor or outdoor display of either "for sale by owner" signs or political signs, if the sign is in compliance with all applicable municipal and county ordinances. If a park owner or operator does impose such restrictions, the bill gives the home owners or tenants a cause of civil action against the park owner or operator. Successful plaintiffs would be awarded either or both of the following: (1) the greater of actual damages or \$25, whichever is greater, and (2) termination of any applicable rental agreements.

Although this provision would have no direct fiscal impact on the state or any political subdivision, there could be some new costs related to litigation that might occur as a result of the new right of action. If so, these costs would be borne by municipal or common pleas courts. Most, if not all, of these costs, however, would be offset by court-assessed costs and filing fees. The fiscal impact would ultimately depend on the number of cases brought to trial, which would be difficult to project.

Finally, the bill requires the renewal of either a motor vehicle dealer's license or a vehicle salesperson's license on a biennial basis, as opposed to annual under current law. This provision would codify existing practice, as the Bureau of Motor Vehicles has been requiring biennial license renewals for motor vehicle dealerships and salespersons for several years.