

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** S.B. 941 PCS Manufactured Homes Law Changes

**SHORT TITLE:** Manufactured Homes Law Changes

**SPONSOR(S):** Senator Warren

**FISCAL IMPACT**

	<b>Yes ( )</b>	<b>No ( )</b>	<b>No Estimate Available (x)</b>		
	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>	<b><u>FY 2003-04</u></b>

**REVENUES**

General Fund						* May Create a General Fund Loss (See Below) *
Man. Homes Licensing Board						* Minimum \$290,000 Revenue Increase (See Below) *

**EXPENDITURES**

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** Manufactured Housing Board, the Department of Insurance, and Corrections.

**EFFECTIVE DATE:** When it becomes law.

**BILL SUMMARY:** The legislation makes several changes to the laws governing manufactured housing. First, it provides several updated definitions including manufactured home, license, licensee, and set up. Second, it allows the North Carolina Manufactured Housing Board to retain 15% of their unexpended funds at the end of the fiscal year. Currently all of their remaining funds revert to the general fund. Third, it provides that a licensee can renew a lapsed license within one year by paying the renewal fee and proving that they have not engaged in the industry during that time. Forth, it requires an applicant to inform the Board of a change of address in ten days, and offers other provisions for postal difficulties. Fifth, it authorizes the Board to require up to eight hours of continuing education, with fees not to exceed \$150.00. The continuing education requirements do not apply to manufacturers. The Board may charge the sponsor of an approved course up to \$75.00 for a course approval renewal. Sponsors may also be required to charge a fee of up to \$5.00 per credit hour, per licensee. The Board can also charge a licensee fee not to exceed \$50.00 for each unapproved course or related educational activity submitted for credit. Next the bill authorizes the Board to adopt rules for hearings and prehearing conferences. It adds a requirement that purchase agreements must include buyer and dealer signatures, and

makes other changes to the purchasing agreement. The bill also several changes to the penalty and violation provisions. This includes increasing the penalty for a willing violation of the Act that threatens the health or safety of a purchaser from a Class 1 misdemeanor to a Class 1 felony.

**ASSUMPTIONS AND METHODOLOGY:** There are three items in the bill that could have a fiscal impact. First the bill provides that 15% of board's unexpended funds do not revert to the General Fund. In the past, all remaining fund balances have returned to the General Fund. Therefore, there is a potential General Fund loss. According to the Department of Insurance, that unit has both federal funds that are non-reverting and state funds that revert to the General Fund. As a result, the Department "spends down" the state money first. Therefore, they are unlikely to revert a large sum to the General Fund. In 1997-98 the Manufactured House Licensing Board collected \$596,825 in licensing fees. The Department of Insurance, who administers the program, does not expect any significant changes in this revenue stream. However, neither Fiscal Research nor the Department of Insurance has information, at this time, on reversion amounts.

The second potential fiscal impact relates to the continuing education requirements. As noted previously, the bill authorizes the Board to require continuing education. (This provision does not apply to manufacturers). It also sets the maximum fees associated with that training. The Department of Insurance reports collecting for 7,251 licenses in 1997-98. The vast majority of these (4,566) were for salesman. The next largest group of licensees is dealers. At this point there is no estimate on the number of courses that will be offered, or the number of credit hours the Board will actually require. If the Board charged the \$5.00 fee on each hour, and required eight hours of training, the Board would see approximately \$290,040 of new revenue. This does not include revenue from charges to trainers. Because more detailed information is not yet available, no accurate fiscal estimate is possible.

Finally, the bill could impact the prison population. Under current law it is a Class 1 misdemeanor to violate the Manufactured Housing Act in a manner that threatens the health or safety of a purchaser. The legislation moves such a violation to a Class 1 felony. According to the Administrative Office of the Courts, "Data from the Administrative Office of the Courts (AOC) did not reveal the number of charges brought under this provision of the current law. Although the penalty enhancement is significant, AOC does not expect a substantial fiscal impact on the courts from this bill. They assume that the vast majority of the businesses being regulated will comply with the requirements of the law."

**FISCAL RESEARCH DIVISION 733-4910**

**PREPARED BY:** Linda Struyk Millsaps

**APPROVED BY:** Tom Covington

**DATE:** Tuesday, June 15, 1999



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