

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: S.B. 941 (3rd Edition of the Bill) Manufactured Homes Law Changes

SHORT TITLE: Manufactured Homes Law Changes

SPONSOR(S): Senator Ed Warren

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>
REVENUES					
General Fund					
Man. Homes Licensing Board					
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.

Fourth, 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. Under current law all remaining fund balances must be 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, the Board seldom reverts significant revenue to the general fund.

The Department of Insurance reports the following past and projected future reversions from this fund:

FY 1996-97	120,000
FY 1997-98	-
FY 1998-99	-
FY 1999-00	-

Given the above historic reversions Fiscal Research does not believe this portion of the bill will impact the General Fund.

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

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