

Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0427	Date: January 27, 2015
Prime Sponsor(s): Sen. Kefalas Rep. Tyler	Bill Status: Senate Finance Fiscal Analyst: Erin Reynolds (303-866-4146)

BILL TOPIC: MANUFACTURED HOME COMMUNITIES

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue Cash Fund	Potential increase. See State Revenue section.	
State Expenditures	\$170,432	\$156,387
General Fund	161,462	144,841
Centrally Appropriated Costs**	8,970	11,546
TABOR Set-Aside	See TABOR Impact section.	
FTE Position Change	0.8 FTE	1.0 FTE
Appropriation Required: \$161,462 - Department of Local Affairs (FY 2015-16).		

* This summary shows changes from current law under the bill for each fiscal year.
 ** These costs are not included in the bill's appropriation. See the State Expenditures section for more information.

Summary of Legislation

The bill renames the "Mobile Home Park Act"¹ to the "Manufactured Home Community Act" (MHCA) and adds various functions to the Division of Housing (DOH) within the Department of Local Affairs (DOLA), including the requirements that the DOH:

- collect economic and demographic data on manufactured home communities, including rent and vacancy rates, and information on disputes;
- create and administer, by July 1, 2016, a dispute resolution program for landlords and homeowners to resolve MHCA disputes;
- maintain on its website a list of community-based, nonprofit agencies who mediate disputes; and
- administer the newly created Manufactured Home Community Fund (fund) for purposes of assisting community owners and homeowners under the MHCA.

The fund is continuously appropriated and allows 3 percent of moneys deposited for use in the fund to be used for administration by the DOH. Deposits consist of any moneys appropriated by the General Assembly; transferred from the Colorado Housing Investment Fund, the Housing Investment Trust Fund, or the Housing Development Grant Fund; collected by the DOH from gifts, grants, or donations; and earned through fees or interest. Moneys in the fund do not revert to General Fund at the end of any fiscal year.

¹ Section 38-12-200.1 *et seq.*, C.R.S.

Background

The DOH's Housing Technology and Standards (HTS) section currently administers several programs that protect Colorado consumers living in manufactured home communities, including the Manufactured Housing Installation Program, the Manufactured Dealer Registration Program, and the Factory-Built Structure Program. These programs support, license, and regulate the residential and nonresidential factory-built industry in Colorado. In addition, the HTS section administers the state's manufactured housing consumer complaint process; provides support for the adoption, enforcement and compliance with the 2012 International Energy Conservation Code (IECC); and provides technical assistance concerning lead-based paint, mold, and asbestos in affordable housing projects.

State Revenue

The bill may increase state revenue from gifts, grants, and donations to support the assistance of community and homeowners under the MHCA. Currently, no source of gifts, grants, or donations has been identified. Any gifts, grants, and donations would be credited to the Manufactured Home Community Fund administered by DOH.

State Transfers. The bill does not direct the transfer of moneys from any other cash fund to the Manufactured Home Community Fund. Certain cash funds identified as potential transfer sources are custodial funds maintained by the Department of Law for specific uses under current law. For these reasons, the fiscal note estimates that no state transfers will occur in FY 2015-16 or FY 2016-17.

TABOR Impact

This bill may increase state revenue through gifts, grants, or donations, which may increase the amount required to be refunded under TABOR.

State Expenditures

The bill is expected to increase state expenditures in DOLA by **\$170,432 in FY 2015-16 and 0.8 FTE** and by **\$156,387 in FY 2016-17 and 1.0 FTE**. Expenditures are listed in Table 1 and detailed below. The bill also reduces workload in the Judicial Department by a minimal amount.

Table 1. Expenditures Under SB 15-095		
Cost Components	FY 2015-16	FY 2016-17
Personal Services	\$33,073	\$41,341
FTE	0.8 FTE	1.0 FTE
Operating Expenses and Capital Outlay Costs	5,463	950
Travel	4,000	5,000
Legal Services	4,726	1,890
Information Technology	41,200	22,660
Printing	3,000	3,000
Contract Services for Annual Demographic Survey	50,000	50,000
Contract Services for Dispute Resolution Program	20,000	20,000
Centrally Appropriated Costs*	8,970	11,546
TOTAL	\$170,432	\$156,387

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. The fiscal note assumes the program will go into effect September 1, 2015, and will require a General Fund appropriation in the first years of implementation or until sufficient funds are transferred into the Manufactured Home Community Fund to contribute 3 percent of deposits as adequate funding for DOH administration.

Division of Housing — DORA. The DOH will hire one General Professional I FTE to establish and administer programs to safeguard the mutual interests of MHCA owners and tenants. This position will oversee contract services for the annual survey and the dispute resolution program required in the bill. A travel, printing, and marketing database budget is included for regular outreach, training, and monitoring activities, materials, and research. One-time capital outlay and standard operations costs for 1 FTE have also been included.

Department of Law. The Department of Law will be required to assist in rulemaking, with a budget of 50 hours at an hourly rate of \$94.51 for legal services in FY 2015-16. Ongoing legal services are expected to require 20 hours at the same rate in FY 2016-17 and each future fiscal year.

Information technology. The Office of Information Technology will be required to assist in the creation of the grant management and demographic data collection database in FY 2015-16, with period updates and business analyst time in FY 2016-17 and future fiscal years.

Judicial Department. The dispute resolution process is expected to divert a limited number of landlord-homeowner conflicts from the courts. Based on overall workload in district and county courts, the bill reduces workload by a minimal amount and does not require a change in appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2, on the following page.

Table 2. Centrally Appropriated Costs Under SB 15-095*		
Cost Components	FY 2015-16	FY 2016-17
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$6,407	\$8,008
Supplemental Employee Retirement Payments	2,563	3,538
TOTAL	\$8,970	\$11,546

**More information is available at: <http://colorado.gov/fiscalnotes>*

Local Government Impact

The dispute resolution process is expected to divert a limited number of landlord-homeowner conflicts from the Denver County courts, which is administered separately from the state court system. Based on overall workload, the bill reduces workload by a minimal amount.

Effective Date

The bill takes effect September 1, 2015, if no referendum petition is filed.

State Appropriations

The bill requires an appropriation of \$161,462 and 0.8 FTE in FY 2015-16 to the Manufactured Home Community Fund in DORA, of which \$4,726 is reappropriated to the Department of Law and \$41,200 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Counties	Judicial	Law
Local Affairs	Municipalities	Office of Economic Development
Personnel	Regulatory Agencies	State
Special Districts	Treasury	