

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0128-01
Bill No.: SB 300
Subject: Housing; Manufactured Housing; Landlords and Tenants
Type: Original
Date: March 16, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	(\$49,175)	(\$10,146)	(\$10,177)
Total Estimated Net Effect on General Revenue Fund	(\$49,175)	(\$10,146)	(\$10,177)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 9 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Courts Administrator**, and the **Department of Economic Development, Public Service Commission** and **Office of Public Counsel** assume this proposal would have no impact on their organizations.

Officials from the **Department of Economic Development, Missouri Housing Development Commission (MHDC)**, assume this proposal would require MHDC to produce and distribute a pamphlet stating the rights and responsibilities of landlords and tenants in mobile home parks contained in this legislation. The pamphlet would be produced within 90 days of the effective date of the legislation. Each mobile home park operator would make the pamphlets available to all current tenants within 60 days after receiving the pamphlets. All new tenants would be offered a pamphlet before signing a lease and they would sign an acknowledgement of this which would be kept on file by the park operator.

ASSUMPTIONS (continued)

MHDC officials stated that according to United States census data, there are 199,826 mobile home parks in Missouri. MHDC was unable to determine how many of these mobile homes are located in mobile home parks but assume most of them are located in such parks. According to the only directory of mobile home park operators MHDC could find, there were approximately 500 parks in the state. Therefore, MHDC would produce and mail approximately 250,000 pamphlets in the first year and 50,000 each year thereafter. Estimated printing costs would be approximately \$45,500 to produce 250,000 pamphlets similar to the one already produced by the Attorney General's office.

MHDC also assume there would be recurring printing and postage costs to produce and keep a stock of pamphlets available in all mobile home parks in the state.

MHDC submitted an estimated total for printing and mailing the required information of \$48,563 for FY 2006, \$10,146 for FY 2007, and \$10,177 for FY 2008.

Officials from the **Office of the Attorney General** noted that they currently distribute a pamphlet regarding general landlord-tenant law, and would likely incorporate part of the specialized mobile home information into that pamphlet. Officials assumed the cost of updating their pamphlet, and assisting in the preparation of the MHDC pamphlet, could be absorbed with existing resources.

Officials from the **Office of the Secretary of State** did not respond to our request for information.

In response to a similar proposal in the prior session, officials from the **Office of the Secretary of State** assume the proposal would create the mobile home landlord and tenant rights act. The Department of Economic Development could promulgate rules to implement this legislation. Those rules would be published in the Missouri Register and the Code of State Regulations. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Economic Development could require as many as 16 pages in the Code of State Regulations. The estimated cost of a page in the Code of State Regulations is \$27. For any given rule, roughly half again as many pages are published in the Missouri Register as in the Code because cost statements, fiscal notes and the like are not repeated in the Code. The estimated cost of a page in the Missouri Register is \$23. The impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn. $((\$27 \times 16) + (\$23 \times 24) = \$984)$

ASSUMPTIONS (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE FUND			
<u>Cost - Missouri Housing Development Commission</u>			
Publication	(\$45,500)	(\$9,373)	(\$9,381)
Postage	<u>(\$3,675)</u>	<u>(\$773)</u>	<u>(\$796)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$49,175)</u>	<u>(\$10,146)</u>	<u>(\$10,177)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal would have a direct fiscal impact to small businesses involved in operating mobile home parks, in selling mobile homes, in providing services to owners of mobile homes, and in selling fuel to owners of mobile homes.

DESCRIPTION

This proposal would change the requirements for a sale or lease of a mobile home or mobile home lot as follows:

- A mobile home or mobile home lot offered for sale or lease would be required to conform to the sanitation, housing, and health codes of the state or county or municipality where it is located. A mobile home lot would be required to conform to local subdivision ordinances.
- A prospective tenant or purchaser would be required to provide a copy of the lease applicable to the mobile home park before the mobile home or lot is offered for sale or lease.
- The park owner would be required to offer a written lease for a term of at least twelve months unless an existing tenant agrees to a different term subject to an existing lease.
- Tenants in possession on the effective date of the proposal would have thirty days after receipt of the written lease offer to accept or reject such offer; during which period the rent may not be increased or any other terms and conditions changed.
- The park owner would be required to notify his tenants in writing not later than thirty days after the effective date of the proposal that a written lease would be available in compliance with the proposal.
- If a tenant did not sign and return to the park owner the written lease, then the tenancy may be terminated by the park owner only by giving written notice that the tenancy would terminate not sooner than sixty days from the date the next rent payment next becomes due.
- Every lease of a mobile home or lot in a mobile home park would contain an option that automatically renews the lease unless the tenant notifies the owners thirty days prior to the expiration of the lease that he does not intend to renew the lease; or the park owner notifies the tenant one hundred twenty days prior to the expiration of the lease that the lease would not be renewed and specifies in writing the reasons for lease termination; or the park owner elects to cease the operation of either all or a portion of the mobile home park.

DESCRIPTION (continued)

- The tenants would be entitled to at least one hundred twenty days' notice if the park owner elects to cease the operation of either all or a portion of the mobile home park. If one hundred twenty days or more remain on the existing lease at the time of notice, the tenant is entitled to the balance of the term of his lease. If there is less than one hundred twenty days remaining in the term of his lease, the tenant is entitled to the balance of his lease plus a written month to month tenancy, at the expiring lease rate to provide him with a full one hundred twenty days' notice. All notices required under this section would be by certified mail or personal service. Certified mail would be deemed to be effective upon the date of mailing.
- The terms for payment of rent would be clearly set forth and all charges for services, ground, or lot rent, unit rent, or any other charges would be specifically itemized in the lease and in all billings of the tenant by the park owner.
- The owner could not change the rental terms nor increase the cost of fees, except as provided herein. The park owner could not charge a transfer or selling fee as a condition of sale of a mobile home that is going to remain within the park unless a service is rendered. Rent charged to a tenant by a park owner may be increased upon the renewal of a lease, provided notification of an increase was delivered sixty days prior to expiration of the lease.
- Any provision of a lease whereby any requirements of the proposal would be waived is void.
- Any lease hereafter executed or currently existing between an owner and tenant in a mobile home park in this state would include a set of covenants binding the owner at all times during the term of the lease. A separate set of covenants binding the tenant would be included in the lease.
- Reasonable rules and regulations would be enforceable under a lease, provided a copy of all rules and regulations was delivered by the park owner to the tenant prior to his signing the lease.
- The Missouri Housing Development Commission would produce and distribute a pamphlet setting forth clearly, and in detail, the tenant's and park operator's rights and obligations.

DESCRIPTION (continued)

- A specified notice would be required in each lease or rental agreement of a mobile home or lot.
- Security deposits would be returned in full to the tenant, provided that the tenant has paid all rent due in full for the term of the lease and has caused no actual damage to the premises.
- A park owner of any park regularly containing twenty-five or more mobile homes would be required to pay interest on any deposit held by the park owner for more than six months.
- No park owner could restrict a tenant in his choice of a seller of fuel, furnishings, accessories, or goods or services connected with a mobile home unless such restriction is necessary to protect the health or safety of the park residents.
- No park owner could require a tenant to purchase fuel oil or bottled gas from any particular fuel oil or bottled gas dealer or distributor. This section would not apply to a park owner who provides a centralized distribution system for fuel oil or bottled gas, or both, for residents therein. No park owner providing a centralized distribution system could charge residents more than a reasonable retail price.
- If the park owner fails to substantially conform to the lease agreement or fails to substantially comply with any code, statute, ordinance, or regulation governing the operation of a mobile home park or the maintenance of the premises, the tenant may, on written notice to the park owner, terminate the lease and vacate the premises at any time during the first thirty days of occupancy.
- A park owner could, when rent is overdue, notify the tenant in writing that unless payment is made within the time specified in the notice, not less than five days after receipt thereof, the lease would be terminated. If the tenant remains in default, the park owner may institute legal action for recovery of possession, rent due, and any damages.

DESCRIPTION (continued)

- If the tenant breaches any provision of the lease or rules and regulations of the mobile home park, the park owner would notify the tenant in writing of his breach. Such notice would specify the violation and advise the tenant that if the violation continues for more than twenty-four hours after receipt of such notice the park owner may terminate the lease.
- If a tenant remains in possession of the premises after the expiration of his lease without having notified the park owner of his acceptance or rejection of a renewal of the lease and without the park owner's consent, the tenant would pay to the park owner a sum, not to exceed twice the monthly rental under the previous lease, computed and prorated daily for each day he would remain in possession.
- The park owner could not prohibit, limit, restrict, obstruct, or in any manner interfere with the freedom of any mobile home owner to sell his mobile home to a purchaser of his choice, provided that the park owner would be allowed to promulgate any general qualifications or lawful restrictions on park residents which limit or define the admission of entrants to the park. The purchaser, prior to closing, would be given a written and signed lease, and could employ or secure the services of an independent salesperson in connection with the sale of said mobile home, so long as that salesperson collects and remits all governmental taxes.
- The park owner is prohibited from imposing any fee, charge, or commission for the sale of a mobile home, except when a mobile home owner requests the park owner or his agent to assist in securing a purchaser for his mobile home. A commission may be accepted for such service provided the exact amount of commission or fee would be a percentage of the actual sales price of the mobile home and the maximum percentage figure for services in the resale of the mobile home by park owner or his agent would be set forth in writing prior to the sale.
- The park owner would be prohibited from requiring, upon the sale by a tenant of a mobile home to a qualified purchaser, the removal from the park of such mobile home unless the mobile home is less than twelve feet wide or is significantly deteriorated and in substantial disrepair, in which case the park owner would bear the burden of demonstrating such fact and must, prior to sale, have given the tenant written notice thereof, and that unless first corrected, removal would be required upon sale.

DESCRIPTION (continued)

- Meetings by tenants relating to mobile home living could not be subject to prohibition by the park owner if such meetings are held at reasonable hours and when facilities are available and not otherwise in use. Tenants could ask for assistance from non-profit organizations in organizing a tenants' organization.
- A landlord could not demand or receive a security deposit in excess of two months' rent.

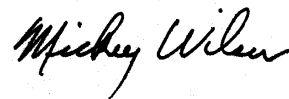
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Department of Economic Development
Missouri Housing Development Commission
Public Service Commission
Office of State Courts Administrator

NOT RESPONDING

Office of the Secretary of State



Mickey Wilson, CPA
Director
March 16, 2005