

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 7071 PCB EEIC 07-06 An act relating to mobile home inspections
SPONSOR(S): Economic Expansion & Infrastructure Council & Rep. Cannon
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.: Economic Expansion & Infrastructure Council	14 Y, 0 N	Fox	Tinker
1) Policy & Budget Council		Martin	Hansen
2)			
3)			
4)			
5)			

SUMMARY ANALYSIS

This bill eliminates the Department of Highway Safety and Motor Vehicle's (DHSMV) responsibility for the enforcement of the federal standards established under the National Manufactured Housing Construction and Safety Standards Act of 1974 (act). Florida entered into two contracts with the Department of Housing and Urban Development (HUD) in 1976 to carry out the enforcement of the federal program. The Bureau of Mobile Home and Recreational Vehicle Construction within the DHSMV has since administered the contracts.

Under this bill, the DHSMV will still continue to license mobile home dealers and manufacturers. However, the inspections of mobile home construction will now be done, in coordination with HUD, by third party inspection agencies. These third party agencies will certify and inspect each manufacturing plant to assure construction is in compliance with HUD's regulations. HUD's contractor will also monitor the performance of third party inspection agencies.

The fiscal impact of this bill is a revenue reduction of \$500,000 to General Revenue Fund, along with a reduction in the need for expenditures from the DHSMV Highway Safety Operating Trust Fund of \$959,738.

This bill has an effective date of July 1, 2007.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Provides limited Government –this bill provides less government by allowing for a reduction in full-time employees and by eliminating the DHSMV's role for providing mobile home inspections.

B. EFFECT OF PROPOSED CHANGES:

Present Situation

The National Manufactured Housing Construction and Safety Standards Act of 1974 (act) established federal construction and safety standards for manufactured homes. The 2000 amendments to this act provided this title may be cited as the "Manufactured Housing Improvement Act." HUD was directed to develop a federal standard building code for mobile homes. The intent of the program is to reduce personal injuries, deaths, property damage, insurance costs, and to improve the quality and durability of manufactured homes. These standards supersede any state standards regarding mobile home construction or safety. Thus, federal regulations preempt any state regulations to the extent the local or state regulations are governed by the federal act and the corresponding rules promulgated by HUD.

With the approval of the secretary of HUD, states may assume responsibility for enforcement of the federal standards established under the act. Florida entered into two contracts with HUD in 1976 to carry out the enforcement of the federal program. The Bureau of Mobile Home and Recreational Vehicle Construction (bureau) within DHSMV has since administered the contracts. The bureau includes the Bureau Chief's Office (in-plant inspection and consumer complaint programs), and the Engineering, Seals, Labels, and Installer Licensing sections.

The bureau is the "State Administrative Agency" (SAA) for monitoring all manufactured housing produced or installed in Florida. The bureau inspects manufacturer facilities and dealer lots for compliance with the federal code; investigates and resolves consumer complaints against manufacturers and dealers; monitors retail lots; approves alterations made by retailers; and monitors the installation of mobile homes. The state's responsibilities for the installation program include regulating the installation of mobile homes by testing and licensing mobile home installers, testing and approving anchoring and tie-down products for use in Florida. The counties and cities are responsible for the actual onsite inspections of the mobile home installations. In addition, the bureau conducts training for city and county building officials on how to inspect for proper installation, and consults with these officials on a regular basis regarding installation issues.

Florida is one of 38 states approved by the secretary of HUD to perform these functions. Ten of those 38 states also perform as an In-plant Primary Inspection Agency (IPIA) under a second contract. Florida is one of these states. According to the contract with IPIA, DHSMV must certify a manufacturer is following approved quality control procedures and must provide on-going in-plant inspection of the manufacturing process to assure conformance with the federal code standards. If the manufacturer complies, a federal certification label is then issued and affixed to each newly completed mobile home manufactured in Florida. The fee for a certification label is \$32 and is paid by the manufacturer to DHSMV. All of the fee revenue collected is deposited into the General Revenue Fund pursuant to s. 320.8255, F.S., and is currently estimated to be \$500,000 for the 2007-2008 fiscal year. The staffing and expenses of DHSMV to conduct these inspections, however, is currently funded from trust fund receipts from other programs and fees unrelated to the mobile home inspections, and is estimated to be over \$959,000 per year.

Effect of Proposed Changes

This bill eliminates the Department of Highway Safety and Motor Vehicle's (DHSMV) responsibility for enforcement of the federal standards established under the act for mobile home inspections. The DHSMV will still continue to license mobile home dealers and manufacturers. In addition, this bill amends current language for clarification and reference purposes. Specifically the bill:

- Removes the definition of "seal" or "label";
- Repeals s. 320.824, F.S., regarding the authority of the DHSMV to enter any place where mobile homes are manufactured, sold, or offered for sale for certain purposes. This also includes the language regarding mobile home standards as approved and published by the Department of Housing and Urban Development;
- Deletes the language in s. 320.8245 (3), F.S., regarding the authority of the DHSMV to promulgate rules and regulations pursuant to alterations and modifications which must be made by qualified personnel;
- Deletes the language in s. 320.8245 (4)(b), F.S., regarding the DHSMV certifying people to perform mobile home alterations or modifications;
- Deletes the language in s. 320.8245 (4)(c), F.S., regarding the DHSMV determining which counties and localities have licensing or competency requirements adequate to eliminate the requirement of certification;
- Repeals s. 320.8255 F.S., regarding Mobile Home Inspections;
- Deletes the language in 320.827, F.S., regarding the labels that may be issued by the DHSMV and the label being displayed in a manner to be prescribed by the DHSMV;
- Changes the reference in 320.834, F.S., from DHSMV's inspection program to DHSMV's licensing program. It also deletes the intent language that the DHSMV share responsibility for warranting mobile homes with manufacturers and dealers;
- The bill has an effective date of July 1, 2007.

With this bill, the inspections of mobile home construction will now be done, in coordination with HUD, by third party inspection agencies. Third party agencies are established under the Manufactured Housing Program to check and approve designs and calculations used in the construction of manufactured homes. They can certify and inspect each manufacturing plant to assure construction in compliance with the standards and with approved design. HUD's contractor also monitors third party inspection agencies to assure adequate performance.

The Manufactured Housing Program is a national program established to protect the health and safety of the owners of manufactured (mobile) homes. Under this program that HUD administers, it will issue, monitor, and enforce Federal manufactured home construction and safety standards. The intent of the HUD program is to reduce personal injuries, deaths, property damage, insurance costs, and to improve the quality and durability of manufactured homes. The standards of HUD will preempt state and local laws which are not identical to the Federal standards. The standards may be enforced by HUD directly. HUD has the authority to inspect factories and obtain records needed to enforce the standards. If a manufactured home does not conform to Federal standards, the manufacturer may be required to notify the consumer. If the home contains a defect which presents an unreasonable risk of injury or death, the manufacturer may be required to correct the defect.

The National Manufactured Housing Construction and Safety Standards Act of 1974 were created to protect consumers through regulation and enforcement of HUD design and construction standards for manufactured homes. The act gives HUD broad investigatory authority to conduct inspections, issue subpoenas and issue orders. HUD may bring administrative actions against manufacturers or inspection agencies for violations of the Act or regulations. The Act also provides for injunctive actions in Federal court and civil money penalties and criminal sanctions. HUD also allows for this program to provide a system for handling consumer complaints relating to failures to conform in the construction of homes.

C. SECTION DIRECTORY:

Section 1 – Amends s. 320.822, F.S., by removing the definition of “seal or “label”

Section 2 – Repeals s. 320.824, F.S.; relating to the authority of the DHSMV to adopt by rule changes in, or modifications to mobile home standards and to enter any place where mobile homes are manufactured, sold, or offered for sale for certain purposes.

Section 3 – Amends s. 320.8245, F.S. by modifying and deleting language regarding the limitation of alteration or modifications to mobile homes or recreational vehicles.

Section 4 – Repeals s. 320.8255, F.S.; relating to mobile home inspections by the department.

Section 5 – Amends s. 320.827, F.S., by deleting language regarding the labels that may be issued by the DHSMV.

Section 6 – Amends s. 320.834, F.S., by modifying the intent of the Legislature regarding the safety and welfare of mobile home owners and residents.

Section 7 – Provides an effective date of July 1, 2007.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

There will be a reduction of \$500,000 in revenue to the General Revenue Fund due to the elimination of the fee revenue charged by DHSMV for mobile home inspections.

2. Expenditures:

Although this bill does not affect appropriations from the Highway Safety Operating Trust Fund, it reduces DHSMV workload, allowing for a reduction in the need for DHSMV expenditures such that the trust fund appropriations can be reduced by \$959,738 in the General Appropriations Act (GAA) for 2007-2008.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

As a result of this bill, the private sector will provide for inspections of mobile home construction under contract with HUD.

D. FISCAL COMMENTS:

As a result of this bill, the proposed House GAA for 2007-2008 will be able to eliminate 26 Full Time employees of the DHSMV. The bill will have a negative impact of \$500,000 to General Revenue and the need for expenditures from the Highway Safety Operating Trust Fund will be reduced by \$959,738.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not: require counties or cities to spend funds or take action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None

B. RULE-MAKING AUTHORITY:

This bill deletes rulemaking authority of the DHSMV for the mobile home inspection programs that are eliminated.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

D. STATEMENT OF THE SPONSOR

None

IV. AMENDMENTS/COUNCIL SUBSTITUTE CHANGES