

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 77 - HB 67

February 21, 2015

**SUMMARY OF BILL:** Removes park trailers from the regulatory authority of the Tennessee Department of Commerce and Insurance (TDCI). Removes current registration and licensure fee amounts for manufactured home installers, manufacturers, and retailers and authorizes the Commissioner of the TDCI to set the registration fee for such licensees in its rules. Increases the civil penalty, from \$1,000 to \$1,100, for each instance in which an individual violates any provision of the *National Manufactured Home Construction and Safety Standards Act of 1974 (NMHCSSA)* and increases, from \$1,000,000 to \$1,375,000, the total civil penalty allowable to be assessed for a series of violations against the *NMHCSSA* occurring within one year from the date of the first violation.

Requires new manufactured homes' installation instructions to be Design Approval Primary Inspection Agency (DAPIA) approved when provided or if instructions are not provided, the home must be installed according to instructions that meet federal manufactured home installation standards pursuant to the *NMHCSSA*. All installation shall comply with the Federal Emergency Management Agency (FEMA) regulations applicable to flood zones.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact - TDCI may decide to increase or decrease the registration fee amounts in the future, despite not having such intention at this time. If fees rates are changed, there will be a corresponding increase or decrease in revenue collected by TDCI. Any future change in fee revenue is indeterminable.**

Assumptions:

- Based on information provided by the TDCI, this bill updates statute in order to comply with requirements of *NMHCSSA*, a program administrated by the U.S. Department of Housing and Urban Development and carried out state-wide by the Commissioner of TDCI.
- Current registration fee amounts by license category pertaining to manufactured homes:
  - Installer - \$25
  - Manufacturer - \$100
  - Retailer - \$40
- TDCI has no current intent to increase any of the aforementioned registration fees. Fee amounts have remained constant for over a decade.
- Removing the registration fees from statute parallels other programs regulated by TDCI, which sets fees through the rulemaking process, rather than in statute.

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- Based on information provided by TDCI, there have been no instances of prosecution in regards to civil penalties for violations of the *NMHCSSA*; therefore, increasing the amount of civil penalty will result in no significant fiscal impact to the department.

## **IMPACT TO COMMERCE:**

**Other Fiscal Impact - TDCI may decide to increase or decrease the registration fee amounts in the future, despite not having such intention at this time. If fees rates are changed, there will be a corresponding increase or decrease in deductible business expenditures incurred by manufactured home installers, manufacturers, and retailers. To the extent known, any future change in fee amounts are undeterminable.**

Assumption:

- There will be a nominal increase in civil penalties which could result in an increase in expenditures for manufactured home installers, manufacturers, and retailers.
- Based on information provided by TDCI, there has not been a prosecution in the last 10 years and the maximum penalty has never been assessed; therefore, it is assumed that increasing the possible civil penalty that can be assessed will not result in a significant increase in business expenditures.
- The TDCI has stated that while the Commissioner will be able to establish registration and licensure fees by rule, the department has no intention of increasing those fees.
- Any increase to business expenditures will not be significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Jeffrey L. Spalding, Executive Director

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