

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 9, 2005

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB2438 by Haggerty (Relating to the acquisition and regulation of manufactured homes.),
As Engrossed

No significant fiscal implication to the State is anticipated.

The bill would amend certain sections of the Occupations Code and the Tax Code related to manufactured housing.

The bill would amend Chapter 1201 of the Occupations Code to increase the term from one year to two years for a manufactured housing salesperson license. The bill would require the Texas Department of Housing and Community Affairs Manufactured Housing Division (TDHCA-MHD) to create a one-page disclosure statement to provide information on financing terms, taxes, and typical costs associated with the purchase of a manufactured home. The bill would expand the recordation of liens on manufactured homes with TDHCA-MHD, including tax liens currently recorded with the counties, and provide that a lien is perfected only by filing with TDHCA-MHD. The bill would require TDHCA-MHD to investigate and document the failure of a manufacturer or retailer to perform warranty work due to an alleged action by a consumer. The bill would require the Director of TDHCA-MHD to conduct an independent inquiry related to actual damages subject to reimbursement from the Manufactured Homeowners Recovery Fund, unless the damages have been determined by a contested jury trial.

The bill would amend the Tax Code to specify that a manufactured home Statement of Ownership and Location (SOL) on file with TDHCA-MHD reflecting the owner's election as real property is a prerequisite to the home and land being taxed as a single unit. The bill would require a taxing unit to record with TDHCA-MHD a tax lien on a manufactured home and specify that the lien could not be enforced unless it has been recorded with TDHCA-MHD before October 1, 2005, or not later than six months after the end of the year for which the tax was owed. The bill would prohibit the transfer of title for a manufactured home until all tax liens perfected on the home have been satisfied and released. The bill would repeal language in the Transportation Code requiring the payment of property taxes before a manufactured home can be legally transported out of the taxing unit's jurisdiction.

Based on the analysis of the Texas Department of Housing and Community Affairs, it is assumed any duties and responsibilities associated with implementing the provisions of the bill could be accomplished by utilizing existing resources. For the purposes of this analysis, it is assumed TDHCA-MHD would stagger the biennial renewals of salesperson licenses and adjust fees as necessary to cover the cost of agency operations and minimize any possible impact on state revenues.

The bill would take effect on September 1, 2005.

Local Government Impact

It is assumed the provisions of the bill could result in a loss of an undetermined amount of revenue to units of local government that would vary by entity. Under the proposed language, some currently valid tax liens would not be enforceable and tax foreclosure proceedings would not occur. It is assumed the bill would result in additional administrative costs to collection offices relative to the

filing and recording of individual property tax liens with the Texas Department of Housing and Community Affairs.

Source Agencies: 332 Department of Housing and Community Affairs, 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, MW, TG