



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0305: Establish the mobile home park dispute resolution program

Primary Sponsor: Jonathan Karlen Status: As Introduced

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts ☒ Technical Concerns ☒ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
State Special Revenue (02)	\$1,174,668	\$807,868	\$819,986	\$832,286
<b>Revenues</b>				
State Special Revenue (02)	\$472,896	\$472,896	\$1,344,508	\$1,344,508
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 305 creates the Montana Mobile Home Park Dispute Resolution Program at the Department of Commerce. The program will be funded through the collection of a \$24 per unit annual registration fee charged to each mobile home park in the state, as well as various fines and penalties, and allows the department to adjust the registration fees for subsequent biennia. The \$24 fee set in the bill would not be sufficient to cover the estimated administrative costs. See Technical Notes.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Commerce

- HB 305 requires the department to register and resolve disputes for all mobile home parks in Montana. According to data extracted from Department of Revenue and the 2023 1-year American Community Survey, there were an estimated 1,268 mobile home parks containing 22,164 units in 2023, with an occupancy rate of 88.9%. This estimate excludes mobile homes not located in a mobile home park, and mobile homes located in campgrounds and RV parks. Since there is no distinction made for resident owned parks, those units are included in the estimate. The assumed occupancy rate of 88.9% results in an estimated 19,704 rented units.
- Section 1 requires the department to produce and distribute educational material, including signage containing specific information, to all known mobile home parks in Montana, as well as registration notices and information packets. The department assumes it will go through the procurement process and secure an outside contractor to produce and distribute these materials. The estimated cost is \$20,000 annually.
- Section 2 establishes the procedure for dispute resolution. It requires the department to receive and investigate complaints, negotiate between parties, determine violations, impose fines and liens, issue cease and desist orders, and order any other affirmative action deemed necessary to resolve the dispute. This section further requires the department to hold administrative hearings at the request of either party in

- response to the determination of violation. These functions will require a 1.00 FTE Lawyer II position and a 1.00 FTE Paralegal II position, along with associated overhead.
4. In addition, the department will need to contract with agency legal services at the Department of Justice to act as impartial hearing examiner. The estimated cost would be roughly \$1,500 per administrative hearing. The department estimates there would be two hearings per month, for a total annual cost of \$36,000.
  5. Section 3 requires the department to register all mobile home parks and renew the registration annually, and to make registration available on-line. The estimated cost to establish a mobile home park on-line registration portal would be \$350,000 based on similar vendor engagements.
  6. To receive complaints, assist with negotiation and dispute resolution, administer the annual registration of 1,268 mobile home parks, manage receipt of registration fees and fines, prepare reports to the Economic Affairs Interim Committee as stipulated in Section 1, as well as manage the receipt of notices to sell as stipulated in Section 5, the department will require an additional 1.00 FTE Accountant II, 2.00 FTE Program Specialist II, and 1.00 FTE Program Supervisor, as well as various operating costs including travel for on-sight investigations and inspections, the establishment of a call center, office space rent, and overhead costs.
  7. Total administrative costs, including the 6.00 FTE total and associated operating expenses, required to meet the anticipated needs of the program would be \$1,174,668 in FY 2026, \$807,868 in FY 2027, \$819,986 in FY 2028, and \$832,286 in FY 2029.
  8. Section 3 requires each mobile home landlord to pay an annual registration fee of \$24 for each mobile home within the park for which the landlord collects rent. Based on the estimated number of rented units, the department assumes annual registration fee revenue will be calculated as 19,704 x \$24, or \$472,896 annually in the first biennium.
  9. The bill allows for the issuance of fines for not posting notices, for failing corrective action, for retaliation, and for delinquency for late registration, and allows for those fines to be used for administrative costs. However, there is no way at this time to quantify the amount that would be collected. It can be assumed it will not be sufficient to offset the difference between anticipated administrative costs and anticipated revenues from the \$24 per unit registration fees. Estimated shortfalls would be \$701,772 in FY 2026, \$334,972 in FY 2027, \$347,090 in FY 2028, and \$359,390 in FY 2029.
  10. The bill allows the department to review the annual registration fee once each biennium and adjust it to reasonably relate to administrative costs. To offset the short fall expected in the initial biennium, and meet the on-going administrative needs of the program, the department estimates it will need to adjust the registration fee to \$68 for each rented unit in the second biennium. Once the initial short fall has been offset, it is anticipated the rate could be reduced in the third biennium to \$42 per unit.

### **Statutory Appropriation**

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.	<b>X</b>	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	<b>X</b>	
c. The authority exists elsewhere.		<b>X</b>
d. An alternative appropriation method is available, practical, or effective.	<b>X</b>	
e. It appropriates state general fund money for purposes other than paying for emergency services.		<b>X</b>
f. The money is used for general purposes.		<b>X</b>
g. The legislature wishes to review expenditure and appropriation levels each biennium.		<b>X</b>
h. An expenditure cap and sunset date are excluded.	<b>X</b>	

## Fiscal Analysis Table

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
FTE	6.00	6.00	6.00	6.00
<b>TOTAL Fiscal Impact</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>	<b>6.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$585,560	\$585,560	\$594,343	\$603,259
Operating Expenses	\$589,108	\$222,308	\$225,643	\$229,027
<b>TOTAL Expenditures</b>	<b>\$1,174,668</b>	<b>\$807,868</b>	<b>\$819,986</b>	<b>\$832,286</b>
<b><u>Funding of Expenditures</u></b>				
State Special Revenue (02)	\$1,174,668	\$807,868	\$819,986	\$832,286
<b>TOTAL Funding of Expenditures</b>	<b>\$1,174,668</b>	<b>\$807,868</b>	<b>\$819,986</b>	<b>\$832,286</b>
<b><u>Revenues</u></b>				
State Special Revenue (02)	\$472,896	\$472,896	\$1,344,508	\$1,344,508
<b>TOTAL Revenues</b>	<b>\$472,896</b>	<b>\$472,896</b>	<b>\$1,344,508</b>	<b>\$1,344,508</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
State Special Revenue (02)	(\$701,772)	(\$334,972)	\$524,522	\$512,222

## Technical Concerns

1. The Department of Public Health and Human Services has existing statutory oversight of Trailer Courts and Campgrounds, including a requirement for Trailer Courts (defined as "a parcel of land upon which two or more spaces are available to the public and designated for occupancy by trailers or mobile homes for use as residences"), to pay license fees. See 50-52-101 through 50-52-108, MCA, Administrative Rules of Montana 37.111.1201 through 37.111.1233, and the DPHHS website at <https://dphhs.mt.gov/publichealth/EHFS/TrailerCourtsAndCampgrounds> for further detail.
2. The bill makes no distinction for resident owned mobile home parks. For the purpose of this fiscal note resident owned parks were included in the estimated number of parks and units.
3. Per assumption 10, the department would not collect sufficient revenue in the first biennium to cover anticipated expenses. Since the new estimated rate for the 2029 biennium would not be effective yet, the ability to obtain a general fund loan is unlikely. The initial 2027 rate would need to be changed to \$60.

NOT SIGNED BY SPONSOR

1/31/25



Sponsor's Initials

Date

Budget Director's Initials

1/30/2025

Date



## **Dedication of Revenue 2027 Biennium**

**17-1-507, MCA.**

- 1. Are there persons or entities that benefit from this dedicated revenue that do not pay?**

*No*

Fees are paid by mobile home park landlords and tenants. The purpose of the bill is to provide dispute resolution which would benefit both groups.

- 2. What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

*Yes*

There is transparency as the funds are segregated for specific expenditures related to the administration of the program in a state special revenue fund.

- 3. Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended?**

*No*

The anticipated revenue is not estimated to be sufficient to fully fund the administration of the program in the first biennium as the rate is set at \$24 per rented unit. The bill grants the department authority to revise the rate once per biennium. The department estimates it would need to set the rate at \$68 per rented unit during the second biennium to offset the short fall incurred in the first biennium and still support the ongoing administration of the program.

- 4. Does the need for this state special revenue provision still exist?**

*Yes*

If HB 305 is passed, yes.



5. Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?

*No*

The legislature and its staff can analyze the state special revenue fund at any time.

6. Does the dedicated revenue fulfill a continuing, legislatively recognized need?

*Yes*

If HB 305 is passed, yes

7. How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? Also, if the program/activity were general funded, could you adequately account for the program/activity?

*Yes*

The activities could be accounted for in the general fund, but there is a risk that the funds could be diverted for another purpose.