



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0873.01: Create a mobile home park emergency relocation account

Primary Sponsor: George Nikolakakos 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> |
|-----------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$520,619 | \$17,819 | \$16,592 | \$29,606 |
| State Special Revenue (02) | \$316,250 | \$316,250 | \$337,425 | \$202,075 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$667,250 | \$167,250 | \$181,750 | \$182,000 |
| Net Impact | <u>(\$520,619)</u> | <u>(\$17,819)</u> | <u>(\$16,592)</u> | <u>(\$29,606)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 873 establishes a mobile home park emergency relocation account, sets an assessment of \$1.50 for each \$100 of the taxable value for mobile homes located within a mobile home park, increases license fees for campground and trailer courts and provides a \$500,000 general fund appropriation. The Department of Commerce would administer the program to provide compensation of moving expenses or compensation for abandoned mobile homes in mobile home parks who are required to move due to a change in use or redevelopment of a mobile home park.

FISCAL ANALYSIS

Assumptions

Department of Commerce

1. Section 1(2)(a) permits eligible tenants displaced due to a change of use of all or a part of the mobile home park in which the tenant resides to collect payment from the mobile home emergency relocation account for the lesser of (1) actual moving expenses of relocating the mobile home to a new location within a 100-mile radius of the vacated mobile home park, or (2) the maximum of \$10,000 for a single section mobile home or \$15,000 for a multisection mobile home. For purposes of this fiscal note, the department will use the maximum \$10,000 and \$15,000 figures as actual moving expenses will vary. As the number of single section and multisection mobile homes cannot be easily estimated, an average \$12,500 is assumed for each relocation application processed.
2. Section 1(2)(b) permits eligible tenants to collect an amount equal to 50% of the maximum allowable moving each qualified abandonment. The department estimates 5 abandonment applications funded in FY 2026, increasing 5% per year. As the number of single section and multisection mobile homes cannot be easily estimated, an average of \$6,250 is assumed for each relocation application processed.

3. The number of mobile home park closures or changes in use and the resulting number of potential mobile home owners impacted is difficult to estimate. Based on publicly reported mobile home park closures in recent years, the department believes there has been on average 1-2 park closures or changes in use statewide per year. Based on DPHHS license data presented in the table below, just over 70% of parks have 25 mobile home lots or less. For FY 2026, a total of 20 relocation applications is assumed, increasing by 5% per year. The department assumes an equal number of single and multisection mobile home applications with \$12,500 assumed per application ($\$10,000 + \$15,000 / 2$).
4. New Section 2(1) establishes a new assessment for mobile home owners equal to a rate of \$1.50 for each \$100 of taxable value of the mobile home for each mobile home the person owns. Department of Revenue estimates the assessment fee will raise about \$110,000 based on FY 2025 numbers. The Department of Commerce assumptions for this fiscal note include a 16% increase in assessment fee revenue in FY 2026 and an 11% increase in FY 2028.

| FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---------|---------|---------|---------|
| 128,000 | 128,000 | 141,000 | 141,000 |

5. Section 5 includes increases to license fees for campground and trailer courts and directs 21.25% of fee revenue collected to be deposited in the mobile home emergency relocation account. Department of Public Health and Human Services provides the following revenue projections:

| License Type | Current Fee | Proposed Fee | # of Estimated Licenses | Total Revenue FY 2026 | 21.25% to MHPER account | FY 2027 | FY 2028 | FY 2029 |
|--------------------------------|-------------|--------------|-------------------------|-----------------------|-------------------------|---------|---------|---------|
| Campground/Trailer Court 1-10 | 40 | 75 | 585 | 43,875 | 9,323 | 9,463 | 9,605 | 9,749 |
| Campground/Trailer Court 11-25 | 60 | 110 | 283 | 31,130 | 6,615 | 6,714 | 6,815 | 6,917 |
| Campground/Trailer Court 26+ | 120 | 225 | 347 | 78,075 | 16,591 | 16,840 | 17,092 | 17,349 |
| Total | | | | | 32,530 | 33,017 | 33,513 | 34,015 |

6. Section 7 includes a \$500,000 general fund appropriation to the mobile home emergency relocation account for the biennium beginning July 1, 2025. The table below reflects all project revenue for the program:

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|--------------|---------|---------|---------|-----------|
| DOR | 128,000 | 128,000 | 141,000 | 141,000 |
| DPHHS | 33,000 | 33,000 | 34,000 | 34,000 |
| General Fund | 500,000 | 0 | 0 | 0 |
| Total | 661,000 | 161,000 | 175,000 | 175,000 |
| Cumulative | 661,000 | 822,000 | 997,000 | 1,172,000 |

7. Table 1 below reflects estimated relocation and abandon application demand volume. Anticipated demand for the grants could be met with available funds through FY 2028. However, in FY 2029 available funds would not be sufficient to meet the demand and grants would need to be capped at \$176,705.
8. Section 1(6) permits the department to contract with a nonprofit entity to administer funds and to collect an administrative fee of up to 10% of the funds distributed to the nonprofit entity. The department would consider contracting with a nonprofit entity for the disbursement of total grants per year with a \$250 per application processing fee paid to the nonprofit.

Table 1 – Estimated Application Volume and Grants Disbursed

| | FY 2026 | FY 2027 | FY 2028 | FY 2029 |
|---|-----------|-----------|-----------|-----------|
| Est. # of relocation applications | 20 | 20 | 21 | 21 |
| Relocation grants demand | \$250,000 | \$250,000 | \$262,500 | \$275,000 |
| Est. # of abandon applications | 5 | 5 | 6 | 6 |
| Abandon grants demand | \$31,250 | \$31,250 | \$37,500 | \$37,500 |
| Grants awarded based on availability of funds | \$281,250 | \$281,250 | \$300,000 | \$176,705 |
| Contracted Services \$250 per application processing fee | \$6,250 | \$6,250 | \$6,750 | \$7,000 |
| Total grants and fees distributed to nonprofit | \$287,500 | \$287,500 | \$306,750 | \$183,705 |
| Administrative Fee 10% of funds distributed to nonprofit entity (grants + processing fee) | \$28,750 | \$28,750 | \$30,675 | \$18,370 |

9. The department's operating costs would include a 0.50 FTE program specialist to oversee the program and any contracted nonprofit partner. Operating costs include standard office computer package, and overhead costs. Total administrative costs would be \$49,369 in FY 2026, \$46,569 in FY 2027, \$47,267 in FY 2028, and \$47,976 in FY 2029.
10. For the purposes of the fiscal note it is assumed the 10% fee will be calculated on all funds distributed to a non-profit contractor, including grants to be disbursed as well as the fees paid to the contractor. The allowable administrative fee at 10% of the amount distributed to the nonprofit entity would be \$28,750 in FY 2026 and FY 2027, \$30,675 in FY 2028, and \$18,370 in FY 2029.
11. It is assumed the difference between the 10% administrative fee allowance and the actual administrative costs of the department would be paid from the general fund.

Department of Revenue

12. HB 873 establishes a mobile home park emergency relocation account that is partially funded through an assessment of \$1.50 per \$100 of taxable value for mobile homes located within a mobile home park.
13. There are roughly 14,500 mobile homes in mobile parks in TY 2024 with a total taxable value of \$7.3 million.
14. An assessment of \$1.50 per \$100 in taxable value yields an estimated revenue of about \$110,000 per year. This assessment revenue is grown by 75% of the average appreciation for residential property contained in HJ 2, which is equal to 16% in FY 2026 and 11% in FY 2028. No change is estimated for FY 2027 and FY 2029.
15. This means the assessment is expected to raise \$128,000 in FY 2026 and FY 2027, and \$141,000 in FY 2028 and FY 2029.
16. The assessment is not charged in years where the balance of the account exceeds \$1 million. It is assumed the fee will be charged in all fiscal years.
17. Counties will remit the collections of this assessment to the Department of Revenue for deposit into the account with Department of Commerce.
18. The Department of Revenue will be responsible for identifying properties subject to the fee and working with county treasurers to apply these assessments.
19. The Department of Revenue will absorb costs associated with implementing this bill.
20. There is a one-time transfer of \$500,000 from the general fund to the special revenue account.

MACO

21. Assumes that the additional tax imposed by the bill and levied by the County Treasurer will not have a fiscal impact.

Fiscal Analysis Table

Department of Commerce

| | <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> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| FTE | 0.50 | 0.50 | 0.50 | 0.50 |
| TOTAL Fiscal Impact | 0.50 | 0.50 | 0.50 | 0.50 |
| <u>Expenditures</u> | | | | |
| Personal Services | \$38,843 | \$38,843 | \$39,426 | \$40,017 |
| Operating Expenses | \$16,776 | \$13,976 | \$14,591 | \$14,959 |
| Grants | \$281,250 | \$281,250 | \$300,000 | \$176,705 |
| TOTAL Expenditures | \$336,869 | \$334,069 | \$354,017 | \$231,681 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$20,619 | \$17,819 | \$16,592 | \$29,606 |
| State Special Revenue (02) | \$316,250 | \$316,250 | \$337,425 | \$202,075 |
| TOTAL Funding of Expenditures | \$336,869 | \$334,069 | \$354,017 | \$231,681 |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | \$39,250 | \$39,250 | \$40,750 | \$41,000 |
| TOTAL Revenues | \$39,250 | \$39,250 | \$40,750 | \$41,000 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$20,619) | (\$17,819) | (\$16,592) | (\$29,606) |
| State Special Revenue (02) | (\$277,000) | (\$277,000) | (\$296,675) | (\$161,075) |

Department of Revenue

| | <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> |
|--|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Transfers | \$500,000 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | \$500,000 | \$0 | \$0 | \$0 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$500,000 | \$0 | \$0 | \$0 |
| TOTAL Funding of Expenditures | \$500,000 | \$0 | \$0 | \$0 |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | \$628,000 | \$128,000 | \$141,000 | \$141,000 |
| TOTAL Revenues | \$628,000 | \$128,000 | \$141,000 | \$141,000 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$500,000) | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$628,000 | \$128,000 | \$141,000 | \$141,000 |

STATEWIDE 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> |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|

Fiscal Impact

| | | | | |
|----------------------------|-------------|-------------|-------------|-------------|
| FTE | 0.50 | 0.50 | 0.50 | 0.50 |
| TOTAL Fiscal Impact | 0.50 | 0.50 | 0.50 | 0.50 |

Expenditures

| | | | | |
|---------------------------|------------------|------------------|------------------|------------------|
| Personal Services | \$38,843 | \$38,843 | \$39,426 | \$40,017 |
| Operating Expenses | \$16,776 | \$13,976 | \$14,591 | \$14,959 |
| Transfers | \$500,000 | \$0 | \$0 | \$0 |
| Grants | \$281,250 | \$281,250 | \$300,000 | \$176,705 |
| TOTAL Expenditures | \$836,869 | \$334,069 | \$354,017 | \$231,681 |

Funding of Expenditures

| | | | | |
|--------------------------------------|------------------|------------------|------------------|------------------|
| General Fund (01) | \$520,619 | \$17,819 | \$16,592 | \$29,606 |
| State Special Revenue (02) | \$316,250 | \$316,250 | \$337,425 | \$202,075 |
| TOTAL Funding of Expenditures | \$836,869 | \$334,069 | \$354,017 | \$231,681 |

Revenues

| | | | | |
|----------------------------|------------------|------------------|------------------|------------------|
| State Special Revenue (02) | \$667,250 | \$167,250 | \$181,750 | \$182,000 |
| TOTAL Revenues | \$667,250 | \$167,250 | \$181,750 | \$182,000 |

Net Impact to Fund Balance (Revenue minus Funding of Expenditures)

| | | | | |
|----------------------------|-------------|-------------|-------------|------------|
| General Fund (01) | (\$520,619) | (\$17,819) | (\$16,592) | (\$29,606) |
| State Special Revenue (02) | \$351,000 | (\$149,000) | (\$155,675) | (\$20,075) |

Technical Concerns

- Section 1(6) allows the Department of Commerce to contract with a nonprofit entity to administer funds and collect an administrative fee of up to 10% of the funds distributed. It is assumed a contractor would be paid a fee for the disbursement of the grant funds to the mobile home owners. It is unclear if the 10% administrative fee is intended to be collected on funds disbursed by the non-profit to the mobile home owners, or only on the fees paid to the non-profit contractor.

Sponsor's Initials

Date

NOT SIGNED BY SPONSOR

Budget Director's Initials

4/1/2025

Date