

Department of Legislative Services
Maryland General Assembly
2005 Session

FISCAL AND POLICY NOTE

House Bill 1313
Economic Matters

(Delegates Walkup and Sossi)

Consumer Protection - Home Builders Registration - Manufactured Homes

This bill provides that, by adding and altering definitions, the builder of a “manufactured home” is subject to the Maryland Home Builder Registration Act. A home builder that installs an industrialized building intended for residential use or a mobile home is responsible to the owner for correcting any defect in any component incorporated into it, including industrialized buildings, *manufactured homes*, or mobile homes. Under the bill, a manufactured home is a structure that: (1) is transportable in sections; (2) is at least 8 feet in width by at least 30 feet in length; (3) is built on a permanent chassis; and (4) is designed to be used as a dwelling, when connected to the required utilities. A manufactured home includes a modular or prefabricated home and the plumbing, heating, air-conditioning, and electrical systems contained in the structure.

The bill takes effect July 1, 2005.

Fiscal Summary

State Effect: Special fund revenues would increase in FY 2006 by \$300 for each home builder that registers under the bill. Special fund revenues would increase in the out-years depending on the number of additional new registrants and the number and type of renewals. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A person may not act as a home builder in the State unless registered as a home builder under the Maryland Home Builder Registration Act with the Consumer Protection Division of the Office of the Attorney General. Registrants must maintain liability insurance, pay registration fees, and post their registration numbers on properties at which they are working. A home builder who installs an industrialized building intended for residential use or a mobile home is responsible to the owner for correcting any defects in any component incorporated into it, except for those industrialized buildings or mobile homes that are the responsibility of the manufacturer under laws administered by the Department of Housing and Community Development.

State Revenues: The number of additional persons registering as a home builder because of the bill cannot be accurately estimated, but is assumed to be minimal. By regulation, the initial registration fee is \$300. By statute, renewal fees are based on the number of building permits issued for new homes in the previous year. The fee is \$150 if the builder was issued permits for 10 or fewer homes and \$300 if the builder was issued permits for 11 or more homes in the previous year. Money from these registrations is deposited in a special fund intended to defray the costs of regulation. Special fund revenues would increase by \$300 in fiscal 2006 for each new registration. In subsequent years, revenues would increase by \$300 for each new registration and either \$150 or \$300 for each renewal. Most renewals under the bill will probably be at the \$300 level.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Labor, Licensing, and Regulation; Office of the Attorney General (Consumer Protection Division), Department of Legislative Services

Fiscal Note History: First Reader - March 7, 2005
ncs/jr

Analysis by: T. Ryan Wilson

Direct Inquiries to:
(410) 946-5510
(301) 970-5510