

FISCAL NOTE
SENATE BILL NO. 2385
LC# 25.1016.02000
02/04/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

| | 2023-2025 Biennium | | 2025-2027 Biennium | | 2027-2029 Biennium | |
|-----------------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | \$194,062 | | \$8,438 |
| Expenditures | | | \$957,676 | \$194,062 | \$41,638 | \$8,438 |
| Appropriations | | | | | | |

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

| | 2023-2025 Biennium | 2025-2027 Biennium | 2027-2029 Biennium |
|-------------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

Relating to mobile home park (MHP) receivers, annual ownership information, and tenant relations; to amend and reenact portions of Sections 23 and 47 of the North Dakota Century Code, relating to licensure and regulation of mobile home parks; to provide a penalty; and to provide an expiration date.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

The inclusion of Section 8 in SB 2385 creates significant fiscal impact on the operations of the Department. The Environmental Health Practitioners currently staffed at the Department are not trained in adjudicating disputes over lease-tenant contractual agreements, and the Department does not have the legal expertise of a lease agreement attorney. Presently, lease-tenant disputes over requirements of N.D.C.C § 14-10-28 fall outside of the Department's

jurisdiction and are exclusively addressed by private attorneys through the court system.

The additional expertise and resources needed by the Department to address lease-tenant complaints and enforce provisions in law relating to MHP tenant relations are estimated by the total number of licensed MHPs in the state (259), the number of total available lots intended for occupancy of mobile homes statewide (17,292), and the number of formal enforcement orders issued by the Department in the current biennium projected through the end of the biennium.

Statewide MHP License by Jurisdiction and Number of Lots*

259 Total MHPs Licensed Statewide; 17,292 Total lots

- HHS Food and Lodging 153 MHP (59%); 7,721 lots (45%)
- Fargo Cass Public Health 6 MHP (2%); 1,067 lots (6%)
- First District Health Unit 49 MHP (19%); 3,193 lots (18%)
- Western Plains 24 MHP (9%); 1,493 lots (9%)
- City of Bismarck 19 MHP (7%); 2,805 lots (16%)
- City of Dickinson 8 MHP (3%); 1,013 lots (6%)

The Department receives approximately 70 MHP complaints in a biennium, which is estimated to be 60% of the total complaints received statewide collectively by local regulatory jurisdictions. Though it is challenging to quantify the potential increase in demand for complaint investigations considering more than 17,000 available mobile home lots and therefore potential lot leases, the Department anticipates a significant rise in complaints if this bill passes.

In the current biennium, as of Dec. 31, 2024, the Department has issued 230 warning letters and enforcement actions against MHPs that needed legal consultation and review, which is estimated to be 60% of total enforcement actions statewide.

The increased workload resulting from this bill would require significant time and resources in contracted services.

Contracted Personnel (for 24 months):

The Department estimates that the contractual service necessary would require hiring three full-time equivalents (FTEs) with computers, rent, and related costs to implement the requirements of Section 8. One contracted employee at a monthly rate of \$10,172 and two contracted employees at a monthly rate of \$8,885 each, totaling \$642,674 would be necessary. This would cover 23 months of the 2025-2027 Biennium and one month of the 2027-2029 Biennium.

Contractual Legal Fees and Services (for 24 months):

Contractual third-party legal fee services are estimated at \$200/hour. The number of lease/tenant legal consultations to resolve disputes is estimated to increase at 5% of total lot lease agreements or 850 in a biennium in addition to an estimated 500 enforcement actions, or 1,350, two hours per investigation at \$200/hour, totaling \$540,000.

Contractual Services for Admin hearings and legal fees \$8,000 to \$10,000 for each case. A portion of this amount will be offset by penalty fees collected and deposited in the Department's operating funds.

Contractual IT system and tracking (for 24 months):

Management Information System (MIS)- 32 hours at \$145/hour to add an MIS program, assuming one exists, in order to administer the requirements of Section 8. \$4,640;

Additional Administrative Work- 80 hours at \$145/hour for report writing to administer warning letters, a notice of violation, insufficient funds, civil penalty orders, ad hoc report writing estimated \$11,600.

License Renewal System Updates- for annual submittal requirements. 20 hours at \$145/hour estimated \$2,900. Total \$19,140.

Total costs: \$1,201,814

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Revenue created by penalty fees to offset legal fees

1350 cases (\$540,000 divided by \$200/hr = 2700 hours divided by 2 hours per case = 1350 cases)

Assuming the MHP is found guilty half of the time and the first time offender civil penalty is an estimated \$300. (675 * \$300= \$202,500)

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

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7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

For 23 months of the 2025-2027 Biennium, the Department of Health and Human Services would need appropriation increases to the base budget for SB 2385 in the following line items;

Salaries and Wages of \$11,117 all of which is General

Operating Expenses \$1,140,622, of which \$946,560 is General and \$194,062 is Special

For one month of the 2027-2029 Biennium, the Department of Health and Human Services would need appropriation increases to the base budget for SB 2385 in the following line items;

Salaries and Wages of \$483 all of which is General
Operating Expenses \$49,592 of which \$41,154 is General and \$8,438 is Special

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Date Prepared: 02/03/2025