



**Colorado
Legislative
Council
Staff**

SB17-098

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0504
Prime Sponsor(s): Sen. Kefalas
Rep. Ginal

Date: June 15, 2017
Bill Status: Postponed Indefinitely
Fiscal Analyst: Anna Gerstle (303-866-4375)

BILL TOPIC: MOBILE HOME PARKS

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue General Fund	Minimal decrease.	
State Expenditures	Minimal workload impact.	
Appropriation Required: None.		
Future Year Impacts: Ongoing revenue decrease and minimal workload impact.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

The bill modifies state laws related to mobile home park sales, and resolution of disputes between mobile home park owners, managers, and homeowners.

Mobile home park sales. Under current law, a mobile home park owner must notify all mobile homeowners, as well as the city or county government in which the park is located, if the owners intends to sell the park or change the use of the land. Under the bill, in a mobile home park in which a homeowners association (HOA) or cooperative has been formed, the notification must occur between 30 days and 1 year prior to a park owner listing the park with a licensed real estate broker or making an offer to sell the park (notice period), and must include written notice to the president, secretary, and treasurer of the HOA or cooperative.

The owner is not required to meet the notification specifications if the HOA or cooperative:

- has not provided the park owner or management with written notice of the president, secretary and treasurer of the HOA or cooperative;
- has not notified the park owner that homeowners are interested in purchasing the park prior to the listing or offer to sell the park by the park owner. The HOA must give subsequent notice at least once each year that homeowners are interested in purchasing the park; and
- has not provided notice to the park owner within five days of any change in contact information for the HOA or cooperative officers.

During the notice period, the park owner may consider an offer to purchase the park by an HOA or cooperative, as long as the HOA or cooperative is open to all homeowners. If an agreement is reached, the HOA or cooperative has time beyond the period to obtain financing for the purchase. The bill does not give a homeowner or group of homeowners any right of first refusal, as defined in the bill.

Dispute resolution. Under current law, mediation may be used to resolve disputes between park management of and homeowners in a mobile home park. The bill specifies that other forms of alternate dispute resolution may also be used, and encourages the use of the Office of Dispute Resolution in the Judicial Department, as well as local government or nonprofit agencies that provide dispute resolution services. In addition, rental agreements may contain a clause encouraging the use of alternative dispute resolution among park owners, management, and homeowners within mobile home parks.

Income tax. Beginning on January 1, 2018, for the purposes of state income tax, the gain from selling a mobile home park to a county, municipality, housing authority, nonprofit, HOA, or cooperative may be subtracted from federal taxable income at the following amounts:

- 100 percent of the gain for mobile home park with 50 or fewer lots; and
- 50 percent of the gain for a mobile home park with more than 50 lots.

Master plans. The bill requires that city and county master plans or other land use documents encourage the preservation of existing mobile home parks and development of new manufactured home parks. If an existing mobile home park is located in a hazardous area, the county must make every reasonable effort to reduce or eliminate the hazard or mitigate the loss of housing as a result of relocation.

Background

Colorado law defines a mobile home as a single family dwelling built on a permanent chassis that is designed for long-term residential occupancy, contains complete electrical, plumbing, and sanitary facilities, and is designed to be installed in a permanent or semipermanent manner, and is capable of being drawn over public highways as a unit or in sections.

Colorado law defines a manufactured home as a preconstructed building unit or combination of building units that is constructed in compliance with the federal manufactured home construction safety standard. Mobile homes are considered a type of manufactured home,

State Revenue

The bill decreases state General Fund revenue from income tax beginning in FY 2017-18. The bill allows mobile home park owners to deduct a portion or all of the gain from the sale of a mobile home park to a city, county, local housing authority, nonprofit, HOA or cooperative from their federal taxable income. For each mobile home park owner that sells to one of the specified organizations, revenue will decrease by 4.63 percent of the amount deducted. For example, if a mobile home park with fewer than 50 lots sells for \$1 million, General Fund revenue will decrease by \$46,300. The fiscal note assumes that the overall revenue impact will be minimal.

State Expenditures

The bill may impact the workload in the Judicial Department and Department of Local Affairs beginning in FY 2017-18.

Judicial Department. To the extent that more disputes between mobile home park owners and home owners are resolved through alternate dispute resolution, the workload for the trial courts will decrease. The bill may also increase the workload for the Office of Dispute Resolution to handle additional cases. Any impact is expected to be minimal.

Department of Local Affairs. To the extent that local governments require additional training, technical, or financial assistance to integrate the bill's requirements into their master plans or land use planning documents, workload and costs may increase for the Department of Local Affairs. Any increase is expected to be minimal and can be accomplished within existing appropriations.

Local Government Impact

Beginning in FY 2017-18, the bill increases the workload for local governments to add provisions in their master plans or land use planning documents to encourage mobile and manufactured home park development and preservation. Local governments must also make every reasonable effort to reduce or mitigate hazards in the area of a mobile home park, including mitigating the potential loss of housing and subsequent relocation. The scope of the workload increase depends on the resources of each local government, as well as the provisions and programs currently in place.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 13, 2017.

State and Local Government Contacts

Counties
Judicial
Regulatory Agencies

County Assessors
Local Affairs

County Clerks
Municipalities