

MINUTES OF THE HOUSE COMMERCE AND LABOR COMMITTEE

The meeting was called to order by Chairman Don Dahl at 9:00 A.M. on March 2, 2005 in Room 241-N of the Capitol.

All members were present except:
Mike Kiegerl- excused

Committee staff present:
Jerry Ann Donaldson, Kansas Legislative Research Department
Norm Furse, Office of Revisor of Statutes
Renae Jefferies, Office of Revisor of Statutes
June Evans, Committee Secretary

Conferees appearing before the committee:
Martha Neu Smith, Kansas Manufactured Housing Association
Sandy Jacquot, League of Municipalities
Steve Weatherford, President, Kansas Financial Development Authority
Secretary Jim Garner, Department of Labor

Others attending:
See attached list.

The Chairman opened the hearing on **SB 4 - Establishing installation licenses and standards for the installation and sitting of manufactured homes.**

Staff gave a briefing on **SB 4** indicating there are some discrepancies that would have to be cleaned up including a possible conflict with the Kansas Constitution..

Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association (KMHA), testified as a proponent to **SB 4**. The Manufactured Housing Industry requested the original introduction of this legislation to satisfy a change in federal law. The manufactured housing industry has been federally regulated by HUD since 1976.

The Manufactured Housing Improvement Act became law in 2000. The Act made several changes. It created a private sector consensus committee to make recommendations to the Secretary of HUD on ways to keep the manufactured housing preemptive building code up to date. Second, it provided the Manufactured Housing Division within HUD a career administrator. Third, it clarified the scope of the manufactured housing federal preemption and fourth, it required all states to institute a manufactured home installation program. The installation program is to include an installation standard, training, licensing, inspection and a dispute resolution program; the program is to be in place by December 27, 2005.

If we do nothing, HUD would set up shop in Kansas and administer the program. If that happens there would be a loss of control and revenue at the local level; home buyers would ultimately pay the inflated costs typical of federally run programs. KMHA believes that having HUD administer the program would not be a positive step for home buyers.

SB 4 provides licensing, testing, training and a dispute resolution program within Kansas Housing Resources Corporation (KHRC). The inspection requirement is left at the local level. If a city or county currently has an inspection program, the only change would be for inspections to be to a state code, unless they adopt a local ordinance in accordance with Section 3 of the bill. The license would be issued by the state.

KMHA estimates with the new federal requirements KHRC would issue approximately 50 to 70 manufactured home installer's licenses at \$300/license and issued once every three years.

Federal standards have not been published. **SB 4** is needed this year as the President of KHRC would have several initial requirements that would take a significant amount of time. Tests would need to be developed or an existing test certified and a training program developed and approved. Both of these requirements would need to be based on the installation standard adopted through the rules and regulations process

CONTINUATION SHEET

MINUTES OF THE House Commerce and Labor Committee at 9:00 A.M. on March 2, 2005 in Room 241-N of the Capitol.

(Attachment 1).

Sandy Jacquot, Director of Law/General Counsel, League of Kansas Municipalities, testified in favor of **SB 4**. While the topic of manufactured housing only peripherally involves cities in Kansas, this bill as it has been amended by the Senate in agreement with the various parties involved, including the Kansas Manufactured Housing Association, does not either mandate or preempt the authority of cities to regulate in this area locally. Thus, cities maintain the ability to both promulgate installation regulations that are not in conflict with the state's installation standards and to inspect the installation of manufactured homes in their communities. This allows cities the flexibility to act in the best interest of the citizens in their communities (Attachment 2).

Stephen R. Weatherford, President, Kansas Housing Resources Corporation, stated they had worked with KMHA to find mutually acceptable solutions to the issues that were outstanding. It is believed there have been some mutually acceptable compromises on some of the issues. However, three amendments are desirable to balance protection of the homeowner against the protection of the industry, i.e., right of inspection, cost of dispute resolution and a sunset provision.

Any manufactured home owner has the right to have the installation of the owner's manufactured home inspected by a qualified inspector. The home owner shall pay all costs of the inspection. In New Section 10 (d) ["The order shall assess the costs of the inspection to the non-prevailing party or parties. If no party prevails on all of the issues, the"] should be deleted. It is believed that there should be a statutory commitment to reviewing and modifying, as necessary, the impact for this legislation. New Section 14 should state that Sections 3 - 12, inclusive, and amendments thereto, shall be repealed on July 1, 2009 (Attachment 3).

Judy A. Moler, General Counsel/Legislative Services Director, Kansas Association of Counties, provided written testimony supporting **SB 4** (Attachment 4).

The Chairman said the hearing on **SB 4** would be continued at a later date.

The Chairman opened the hearing on **SB 108 - Employment security law; amendments to comply with the SUTA Dumping Prevention Act.**

Staff gave a briefing on **SB 108**.

Secretary Jim Garner, Kansas Department of Labor, testified in support of **SB 108** which makes changes to the Kansas Employment Security Act. **SB 108** contains three changes to current law: (1) changes required to bring Kansas into conformity with the requirements of recently enacted federal law aimed at preventing avoidance of Unemployment Insurance (UI) taxes "Dumping"; (2) language to grant permanent authority for the use of Penalty and Interest funds to cover the costs to employers to pay their UI taxes electronically; and (3) language to make clear that employers' contribution to employees' health savings account will not be treated as wages for UI tax purposes (Attachment 5).

The Chairman closed the hearing on **SB 108**.

The meeting adjourned at 10:55 a.m. The next meeting will be March 3, 2005.