

## Official Statement from the Missouri Manufactured Housing Association

Rule Number: 4 CSR 240-120.011

In a letter dated July 6, 2017 from the Missouri Public Service Commission to John Ashcroft, Secretary of State, Administrative Rules Division, it's stated, "The Public Service Commission has determined and hereby certifies that this proposed amendment will not have an economic impact on small businesses." The letter further states, "The Public Service Commission has determined and hereby also certifies that this proposed amendment complies with the small business requirements of 1.310, RSMo, in that it does not have an adverse impact on small businesses consisting of fewer than fifty full or part-time employees."

MMHA response, **"These statements are inaccurate and incomplete. The following industry statements will expound on the economic impact on small businesses in the manufactured housing and modular unit industry."**

It is stated in 4 CSR 240-120.011 Definitions, Private Cost: "This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate."

MMHA response, **"In fact, the proposed amendment could cost small businesses thousands of dollars annually with unnecessary and unjustified fees, fines and penalties."**

The Small Business Regulator Fairness Board - Small Business Impact Statement, prepared by Natelle Dietrich of the Missouri Public Service Commission, asked the preparer:

1) Describe the methods your agency considered or used to reduce the impact on small businesses. The PSC answer, "simplification; proposing a consolidated definitions chapter to apply to all regulated entities under the jurisdiction of the Public Service Commission and its Manufactured Housing and Modular Unit Division". MMHA response, **"The opposite has occurred over the past decade and these proposed rules will compound and complicate the regulatory burden for small businesses. Virtually every interaction between the retailers, installers and manufacturers will involve a fees, fine or penalty."**

2) Explain how your agency has involved small businesses in the development of the proposed rule. The PSC answer was, "The commission held a workshop and received comments from affected stakeholders and representatives from the Missouri Manufactured Housing Association, including small businesses. MMHA response, **"There has been very little discussion with the PSC since the workshop in February 2016. The workshop entailed PSC staff and legal counsel informing the industry participants what the proposed rule changes were. MMHA president, Bryan Crump, and MMHA Executive Director, Thomas Hagar, met individually with the PSC commissioners in**

**the fall of 2016 to express many industry concerns. There has been no discussion with the PSC on the proposed rules for the past year. As of this writing the MMHA office has received no notification of the proposed amendment to the rules actively moving forward.”**

3) List the probable monetary costs and benefits to your agency and other agencies affected. Please include the estimated total amount your agency expects to collect from additionally imposed fees and how the moneys will be used. The PSC answer, “None.”

**MMHA response, “This is totally misleading as the intent of these proposed rule changes are strictly to generate an additional revenue stream to avoid reduction in personnel and other expenses including new suv’s previously considered unaffordable and not in the budget by previous managers of the department. Current estimates indicate literally tens of thousands of dollars being projected from additionally imposed fees. These dollars certainly will impose a significant burden on the small businesses of our industry which is just now recovering from the worst economic recession in its history. To claim that the PSC doesn’t expect to collect any revenue from additionally imposed fees is ludicrous accept to avoid stating how the moneys will be used.**

4) Describe small businesses that will be required to comply with the proposed rule and how they may be adversely affected. No PSC response.

**MMHA response, “All installers, retailers, manufacturers and growing number of communities already licensed with the PSC and other applicable state agencies will be adversely affected. Never before in forty-three year (43) history of our PSC program has there been an imposition of penalties and fees we see proposed here.**

5) List direct and indirect costs associated with compliance. PSC response, “None identified.”

**MMHA response, “Costs should be minimal to PSC but administrative costs to the small businesses affected will be significant. With the level of actual consumer complaints dropping to a handful per inspector, the imposition of all the proposed fees, fines and penalties seems to be a lot about nothing. Why now with historically low levels of consumer complaints and installation issues are additional fees, fines and penalties called for?”**

6) Does the proposed rule include provisions that are more stringent than those mandated by comparable or related federal, state, or county standards? PSC response, “No.”

**MMHA response, “Yes, the proposed rule is more stringent. The multiple inspections of manufactured homes and modular units far exceed those for any other form of housing. A majority of counties in Missouri have no inspections at all. A new manufactured home or modular unit has a minimum one year (1) written warranty from the manufacturer. Site-built**

housing has no warranty requirement, even though most builders provide a verbal warranty, a warranty isn't required. The proposed rules should be amended to read, "The commission shall not so discipline the installer's license or the retailer's registration unless the manager of the commission's manufactured housing and modular units program provides evidence to the commission, incident to an inspection, of setup deficiencies and initiates within one (1) year after the delivery date of a new manufactured home.