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**SFA****BILL ANALYSIS**

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Senate Bill 717 (as enrolled)  
Sponsor: Senator Don Koivisto  
Committee: Human Resources and Labor

Date Completed: 7-20-02

### **RATIONALE**

Section 19 of the Single State Construction Code Act requires the manufacturer of a premanufactured unit to submit plans and specifications to the State Construction Code Commission for approval, in order to receive a certificate of acceptability from the Commission. Each premanufactured unit also must be inspected by the Commission or a qualified person selected by the Commission to determine that the unit has been manufactured in accordance with the plans and specifications. (A "premanufactured unit" is an assembly of materials or products intended to comprise all or part of a building or structure and that is assembled at a place other than its final location, including a mobile home.) Reportedly, this system runs smoothly when the plans and specifications for a series of premanufactured homes remain the same or are substantially similar; however, representatives of the industry claim that when customers request changes to a plan, submitting the changes to the Commission results in delays. It has been suggested that the inspection and approval process could be accelerated if approved independent entities were allowed to review plans and specifications.

### **CONTENT**

The bill would amend Section 19 of the Single State Construction Code Act to provide that plans and specifications for one- and two-family dwelling premanufactured units could be reviewed by the DCIS or by an independent entity approved by the State Construction Code Commission under rules promulgated by the Department of Consumer and Industry Services (DCIS). The Department would have to establish submission procedures for plans and specifications reviewed by an independent entity. Also, each premanufactured unit would

have to be inspected by the DCIS (rather than the Commission) or a qualified person approved by the Department, and the DCIS could issue a certificate of acceptability.

The bill would prohibit an approved independent entity from conducting in-plant inspections of units for which it performed plan reviews. A manufacturer could request a variance from the Commission, however, if the literal application of the requirements of Section 19 would result in an exceptional, practical difficulty relating to inspection of specific units. ("Exceptional, practical difficulty" would include a geographic distance between the manufacturing facility and the primary business location of the independent entity conducting in-plant inspections for the manufacturer of more than 250 miles, located in another state.)

MCL 125.1519

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

According to industry representatives, submitting nonstandard plans and specifications to the Commissioner can cause delays of up to three months, and may result in even more time lost because manufacturers are reluctant to build customized units until they have been approved. Such delays reduce the attractiveness of purchasing premanufactured housing and may hurt sales. The bill would allow the DCIS to enlist the help of independent entities whose business it is to inspect modular housing units and the plans used to build them. This would ensure that

reviews and inspections were done in a timely manner. Reportedly, over 30 states allow third-party review of premanufactured units.

**Response:** Claims of unreasonable delays are exaggerated. While the DCIS admits that some staffing problems occurred in the past, it believes that those problems have been corrected and that nearly all plan reviews and inspections take place from two to four weeks after application for approval. Further, the bill is not necessary because the Commission already has the authority to use independent entities. Section 19 specifically requires the Commission, "or a qualified person selected by it", to inspect each premanufactured unit to determine if it has been built in accordance with submitted plans.

### **Opposing Argument**

While the bill would not require the DCIS to turn over inspections to independent entities, it would open the door for their use. If done, the DCIS would be relinquishing its authority and responsibility for review and inspection to a third party. This would add another step to the process, possibly reducing efficiency in the system.

**Response:** The Commission still would be required to approve all independent entities hired to do inspections. Once approved, the independent entities could begin inspection and there would be no additional steps in the inspection process.

Legislative Analyst: George Towne

### **FISCAL IMPACT**

Currently, employees from the DCIS with guidance from the Commission review plans for premanufactured housing units and conduct inspections at in-State manufacturers. The cost of plan reviews and inspections is supported by fee revenue. The bill would permit the Department to approve a third party to conduct the plan reviews and inspections. The Department would have new duties with regard to developing administrative rules and procedures to approve independent entities to conduct inspections and tracking independent plan reviews and inspections. It is not known how this proposed change in procedures would affect employee workload and Department costs and fee revenue.

Fiscal Analyst: Maria Tyszkiewicz

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.