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HOUSE RESEARCH

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Information Brief

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CHANGES IN THE MANUFACTURED HOME LAWS ENACTED DURING THE 1983-1984 BIENNIUM

This Information Brief describes the substantive changes affecting manufactured home sales and rentals that were enacted by the Legislature during the 1983 - 1984 Biennium.

Tax Changes

Two significant tax changes that affect the sale of manufactured homes were enacted. The changes:

- Reduce the excise tax on the retail sale of a manufactured home used for residential purposes. Under the new law the sales tax will be applied to 65 percent of the sale price of the home, instead of 100 percent. (Laws 1984, Chapter 502, Article 6, Section 5.) The purpose of this reduction is to tax only the estimated value of the materials, and not the labor component of the sales price.
- Exempt the gross receipts from the sale of a used manufactured home, to be used by the purchaser for residential purposes, from the general sales tax. (Laws 1984, Chapter 502, Article 6, Section 8.)

Safety Feature Disclosure Form

The 1983 legislation requires the Manufactured Home Safety Disclosure Form to be filled out and given to any prospective buyer or prospective renter of any used manufactured home by all private parties, dealers and brokers. (Minn. Stat. 1983 Supplement 327C.07, subd. 3a.) The Safety Feature Disclosure Form:

- 1) Provides information in a yes/no format concerning
 - Exits and egress windows
 - Smoke detectors and fire extinguishers
 - Aluminum electrical wiring
 - Solid fuel burning stoves and fireplaces
 - Support systems (blocking)

- 2) Contains recommendations to prospective buyers concerning
 - Heat tape
 - Furnace and hot water heaters
 - Energy audits
- 3) Requires the buyer's compliance with certain safety features. The buyer signs and declares that
 - Egress windows will be installed within one year
 - Smoke detectors and fire extinguishers will be installed within 30 days following the sale. (The 1984 Legislature reduced the time for installing smoke detectors and fire extinguishers from one year to 30 days effective August 1, 1984. However, the Safety Feature Disclosure Form was inadvertently left unchanged and still reads one year instead of 30 days.) (Laws 1984, Chapter 406.)
 - All other safety features contained in the form will be complied with within three years.

Compliance with the Safety Feature Disclosure form rests entirely with the buyer. The 1984 Legislature added language that explicitly excludes brokers, dealers, lenders, and park owners from liabilities incurred by buyer noncompliance. (Laws 1984, Chapter 406.)

In Park Sales

The restriction on in park sales of manufactured homes that were built prior to June 15, 1976, and are at least 15 years old is removed. (Minn. Stat. 1983 Supplement, 327C.07, Subd. 1.)

Net Listing Prohibited

The language prohibiting net listing agreements is clarified. (Minn. Stat. 1983 Supplement, 327B.09, Subd. 4.)

Licensing

- An additional licensing prerequisite is required. The applicant for a dealer's license must also provide: "e) ... evidence of having had at least two years' prior experience in the sale of manufactured homes, working for a licensed dealer." (Minn. Stat. 1983 Supplement, 327B.04, Subd. 4.)
- The appeal of any order by the commissioner denying, suspending, or revoking a license is made subject to the contested case provisions of the Administrative Procedure Act. (Minn. Stat. 1983 Supplement 327B.05, Subd. 6.)

Responsibility of Dealers

Corporations licensed as dealers (instead of officers of corporations) are responsible for the activities of their employees. (Minn. Stat. 1983 Supplement 327B.07, Subd. 1.)