



The Board of Directors of the Tennessee Manufactured Housing Association would like to thank the lobbying firm of McMahan & Winstead for all of their assistance during the 2nd session of the 106th General Assembly. The following report gives you a snippet of the state issues and some of the direct pieces of legislation this year, relative to our industry. It does not state all of the meetings in which our lobbying firm coordinated and attended with TMHA to/with the Departments of Safety, Department of Transportation, Commerce & Insurance, as well as individual legislators...as we worked through specific Bill language. This is the reason your PAC dollars are so important!



2010 Tennessee End of the Year Report

The 106th General Assembly adjourned sine die in the early morning hours on Thursday, June 10, 2010. When legislators return in January, the 107th General Assembly will begin. This summer promises to be busy for legislators as all ninety-nine house members and half of the thirty-three senators vie for re-election. Much of the time of the waning days of session was spent with both parties' discussions setting up symbolic votes that can be used by Republicans to denounce Democrats in upcoming campaign ads and by Democrats to denounce Republicans in upcoming campaign ads. With 2010 being a general election year and a gubernatorial election year, stakes are high with possible leadership positions opening in both the House and Senate.

Lawmakers overwhelmingly approved the state's nearly \$30 billion annual spending plan that included more than \$450 million in cuts to state agencies. The \$29.9 billion budget passed early Thursday, June 10, 2010, for the 2010-2011 fiscal year. The budget spends about \$245 million from the state's Rainy Day fund, but almost \$600 million will remain in reserve - including a budgeting device called "core reserves," which sets aside money for a designated purpose in the next budget year though it could be taken for other purposes if the 2011 Legislature decides to do so. The budget contains a provision for a one-time bonus of \$50 per every year of service for state employees. Employees will receive a minimum of \$150 and a maximum of \$1,250, but the bonus is contingent upon the state collecting over projected revenues.

The budget cautiously allocates federal funding that has not yet been approved by the U.S. Congress, but funds only contingency items. The funds will provide for upgraded radios for state troopers, an unnamed economic development project, the demolition of several dilapidated buildings at the University of Tennessee's Health Sciences Center, and the Civil Rights Museum. A portion would also be used on a post-flood tourism campaign to demonstrate that "Tennessee is open for business."

In light of the devastating floods at the beginning of May, lawmakers included flood relief in the budget to the tune of \$19.9 million. The budget eliminates the state and local sales tax on major appliances, residential building supplies, and residential furniture. To receive a refund from the Department of Revenue, flood victims must have purchased the equipment between May 1, 2010, and September 30, 2010. The refunds are allocated out of the state's General Fund.

For the Tennessee Manufactured Housing Association, these are the bills that interested us the most.

Bills of Interest

- A bill which would require a person to have completed course work before selling manufactured homes was never discussed in the legislation. This was a caption bill that was proposed by the sponsors for a dealer in the Hamblen County area. HB 3877 Litz/SB 3639 Southerland was placed in general sub by the Senate sponsor and never discussed.
- The legislature revisited the worker's compensation insurance law last year and passed a new bill void of all of last year's inconsistencies and problems. The bill will become public chapter later this year. SB 3591 Ketron/HB 3163 Curtiss is awaiting the governor's signature. It deletes the previous effective date of March 28, 2011, when sole proprietors and partners engaged in the construction industry will be required to carry workers' compensation coverage on themselves and replaces it with March 1, 2011. It also provides for exemptions from coverage.
- Rep. Mike Turner's (Davidson-D) fire detector bill still loomed this year, but nothing ever moved in the legislature.
- Rep. Mike Turner (Davidson-D) also proposed legislation which would substantially affect mobile/manufactured housing communities. HB 2888 would require landlords of rental property in Davidson County to obtain a security deposit for first and last months' water service before letting a tenant take occupancy of any separately metered residential unit that is supplied with water by a public utility. The deposit would be based on the average amount of previous

water bills for the unit. The bill would have also required the landlord to make an inquiry as to whether the tenant paid the water bill. The water service security deposit must be applied toward unpaid water service fees or returned to the tenant. The bill did not advance in the 106th General Assembly.

- HB 1827 by Rep. Jimmy Matlock created a Class C misdemeanor for a person to remove a movable structure, such as a mobile home, from property when the person has not paid all monies owed to the property owner. After meeting with the Representative and speaking to his constituent, the bill was taken off notice.
- Rep. Hardaway's energy audit bill, HB 128 and HB 130, were a big concern this year to TMHA. The two bills would require landlords of residential property to furnish an energy audit on any premises for rent before entering into a lease on such premises. The bills were rolled about seven times before finally being taken off-notice. (DEAD!)
- SB 3519 Overbey/HB 3588 Coleman became public chapter 834 on May 11, 2010. The bill makes significant changes to the laws involved in foreclosure and the notice being given to the homeowner.
- Deficiency Judgments: SB 1589 by Senators Finney and Ketron and HB 2000 by Reps. Curtiss and Dennis represents a bill that was compromise legislation between the Homebuilders Association, which brought the legislation, and the Tennessee Bankers Association. The legislation would codify Tennessee's common law procedure for obtaining a deficiency judgment after a trustee's sale or foreclosure sale of real property with only a slight modification on the current standard. There is a strong presumption that the sale price at a foreclosure sale is the fair market value of the property being sold. The

burden is on the debtor to prove by a preponderance of the evidence that the sale price at the trustee's or foreclosure sale was materially less than the property's fair market value. This is the only change from current law where the standard to overcome the presumption is "gross inadequacy" of price. This changes the standard to "materially less."

There were other 'Bills of Interest' in which we sought and gained exemptions for manufactured and modular housing, only to have the Bills fail in committee or final floor votes.

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As this is an election year, PAC requests are already coming in! The Governor's race, all house districts and half of the senate are up for grabs, so it will be an exciting fall.