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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 156

01/09/2023

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The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to manufactured homes; amending provisions related to utility billing
1.3 practices in manufactured home parks; amending Minnesota Statutes 2022, sections
1.4 327C.015, subdivision 18, by adding subdivisions; 327C.02, subdivision 2;
1.5 327C.04, subdivisions 1, 2, by adding subdivisions; repealing Minnesota Statutes
1.6 2022, section 327C.04, subdivisions 3, 4.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 1a. Accurately meter. "Accurately meter" means the metering of consumption
1.11 of electricity, natural gas, water, and sewage and septic services by measuring devices that
1.12 meet the standards, including tolerance levels, established by the American National Standard
1.13 for Electricity Meters, the American Gas Association, or the American Water Works
1.14 Association, as applicable.

1.15 EFFECTIVE DATE. This section is effective the day following final enactment.

1.16 Sec. 2. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision
1.17 to read:

1.18 Subd. 3a. Commodity rate. "Commodity rate" means the price per gallon of water,
1.19 hundred cubic feet of natural gas, kilowatt-hour of electricity, therm of natural gas, or any
1.20 other unit of utility service that is based on the quantity of usage and approved by the state
1.21 or a municipal public utilities commission or a municipality.

1.22 EFFECTIVE DATE. This section is effective the day following final enactment.

2.1 Sec. 3. Minnesota Statutes 2022, section 327C.015, is amended by adding a subdivision
2.2 to read:

2.3 Subd. 11a. **Public utility.** "Public utility" has the meaning given in section 216B.02,
2.4 subdivision 4.

2.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.6 Sec. 4. Minnesota Statutes 2022, section 327C.015, subdivision 18, is amended to read:

2.7 Subd. 18. **Utility service.** "Utility service" means any electric, fuel oil, natural or propane
2.8 gas, sewer, waste disposal and water service ~~by whatever means furnished~~ that is provided
2.9 by a public utility or a municipal utility.

2.10 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.11 Sec. 5. Minnesota Statutes 2022, section 327C.02, subdivision 2, is amended to read:

2.12 Subd. 2. **Modification of rules.** The park owner must give the resident at least 60 days'
2.13 notice in writing of any rule change. A rule adopted or amended after the resident initially
2.14 enters into a rental agreement may be enforced against that resident only if the new or
2.15 amended rule is reasonable and is not a substantial modification of the original agreement.
2.16 Any security deposit increase is a substantial modification of the rental agreement. A
2.17 reasonable rent increase made in compliance with section 327C.06 is not a substantial
2.18 modification of the rental agreement and is not considered to be a rule for purposes of section
2.19 327C.015, subdivision 12. The installation of water meters and the subsequent metering
2.20 and billing for water service is not a substantial modification of the lease, provided the park
2.21 owner complies with section 327C.04, subdivision 6. A rule change necessitated by
2.22 government action is not a substantial modification of the rental agreement. A rule change
2.23 requiring all residents to maintain their homes, sheds and other appurtenances in good repair
2.24 and safe condition shall not be deemed a substantial modification of a rental agreement. If
2.25 a part of a resident's home, shed or other appurtenance becomes so dilapidated that repair
2.26 is impractical and total replacement is necessary, the park owner may require the resident
2.27 to make the replacement in conformity with a generally applicable rule adopted after the
2.28 resident initially entered into a rental agreement with the park owner.

2.29 In any action in which a rule change is alleged to be a substantial modification of the
2.30 rental agreement, a court may consider the following factors in limitation of the criteria set
2.31 forth in section 327C.015, subdivision 17:

3.1 (1) any significant changes in circumstances which have occurred since the original rule
3.2 was adopted and which necessitate the rule change; and

3.3 (2) any compensating benefits which the rule change will produce for the residents.

3.4 **EFFECTIVE DATE.** This section is effective for meter installations initiated on or
3.5 after August 1, 2023.

3.6 Sec. 6. Minnesota Statutes 2022, section 327C.04, subdivision 1, is amended to read:

3.7 Subdivision 1. **Billing permitted.** A park owner who ~~provides~~ redistributes utility service
3.8 provided to the park owner by a public utility, a cooperative electric association, or a
3.9 municipal utility to residents may charge the residents for that service, only if the charges
3.10 comply with this section.

3.11 Sec. 7. Minnesota Statutes 2022, section 327C.04, subdivision 2, is amended to read:

3.12 Subd. 2. **Metering required.** (a) A park owner who charges residents for a utility service
3.13 must charge each household the same amount, unless the park owner has installed measuring
3.14 devices which accurately meter each household's use of the utility.

3.15 (b) Utility measuring devices installed by the park owner must be installed or repaired
3.16 only by a licensed plumber or licensed electrician.

3.17 (c) A park owner must promptly investigate a report by a resident of a problem with the
3.18 resident's utility measuring device. A park owner who knows the utility measuring device
3.19 is not accurately measuring utility service must promptly repair or replace a damaged or
3.20 inaccurate utility measuring device. A park owner may not charge the resident for repair or
3.21 replacement of a damaged utility measuring device unless the park owner can demonstrate
3.22 and document that the damage was caused by the resident's willful conduct. The park owner
3.23 must adjust or credit the resident's bill to fully account for the inaccurate measurements.

3.24 **EFFECTIVE DATE.** This section is effective August 1, 2023.

3.25 Sec. 8. Minnesota Statutes 2022, section 327C.04, is amended by adding a subdivision to
3.26 read:

3.27 Subd. 5. **Utility charges for metered service.** (a) A park owner may not charge to or
3.28 collect from a resident the amount of utility service consumed at a commodity rate that is
3.29 greater than the commodity rate at which the park owner purchases service from a utility
3.30 provider. The park owner must deduct the amount that reflects consumption that exclusively
3.31 or primarily is for the park owner's purposes.

4.1 (b) If a bill a park owner receives from a utility provider separates a fixed service or
4.2 meter charge or fee from variable consumption charges, the park owner must deduct the
4.3 park owner's pro rata share and apportion the remaining fixed portion of the bill equally
4.4 among residents based on the number of units in the park.

4.5 (c) If a bill a park owner receives from a utility provider separately itemizes taxes,
4.6 surcharges, and other miscellaneous charges other than a fixed service charge and variable
4.7 consumption charges, the park owner must deduct the park owner's pro rata share and
4.8 apportion the remaining portion of the bill reflecting the taxes, surcharges, and other
4.9 miscellaneous charges equally among residents based on the number of units in the park.

4.10 (d) A park owner may not charge to or collect from residents any administrative, capital,
4.11 or other expenses, including but not limited to disconnection, reconnection, and late payment
4.12 fees.

4.13 **EFFECTIVE DATE.** This section is effective July 1, 2023.

4.14 Sec. 9. Minnesota Statutes 2022, section 327C.04, is amended by adding a subdivision to
4.15 read:

4.16 Subd. 6. **Conditions for the subsequent installation of water meters.** Where a park
4.17 owner installs measuring devices for water service for a resident whose original lease
4.18 included water service, the park owner must, in the first month in which the park owner
4.19 bills the resident separately for water and for every month thereafter for the next 11 months,
4.20 reduce the rent by the amount of the water bill and, notwithstanding section 327C.06,
4.21 subdivision 3, may not increase the rent during that period. Thereafter, the park owner may
4.22 increase the rent in compliance with section 327C.06, provided the increase is based on the
4.23 rent in the month during the preceding 12 months in which the water bill was the highest.

4.24 **EFFECTIVE DATE.** This section is effective for meter installations initiated on or
4.25 after August 1, 2023.

4.26 Sec. 10. **REPEALER.**

4.27 Minnesota Statutes 2022, section 327C.04, subdivisions 3 and 4, are repealed.

4.28 **EFFECTIVE DATE.** This section is effective July 1, 2023.

327C.04 UTILITY CHARGES.

Subd. 3. **Permissible rates.** Except as provided in subdivision 4, no park owner shall, directly or indirectly, charge or otherwise receive payment from a resident for a utility service, or require a resident to purchase a utility service from the park owner or any other person, at a rate which is greater than either of the following:

(1) a rate which the resident could pay directly for the same utility service from some other comparable source in the same market area; or

(2) a rate which is charged to single family dwellings with comparable service within the same market area.

Subd. 4. **Electricity.** If a park owner provides electricity to residents by reselling electricity purchased from a public or municipal utility or electrical cooperative, and compliance with subdivision 3 would cause the park owner to lose money on the sale of electricity, the park owner may bill residents at a rate calculated to allow the park owner to avoid losing money on the sale of electricity. In calculating the cost of providing electricity, the park owner may consider only the actual amount billed by the public utility or electrical cooperative to the park owner for electricity furnished to residents. The park owner may not consider administrative, capital or other expenses.