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FISCAL IMPACT REPORT

ORIGINAL DATE 1/27/09

SPONSOR Heaton LAST UPDATED _____ HB 94

SHORT TITLE Delay Municipal Code Effective Dates SB _____

ANALYST Hanika-Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			\$1.0 see narrative		Recurring	Various

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Office of the State Auditor (OSA)

Attorney General's Office (AGO)

Department of Finance and Administration (DFA)

The Municipal League

SUMMARY

Synopsis of Bill

This bill extends the effective date from July 1, 2009 to July 1, 2011 of Laws 2007, Chapter 132, Section 2, which amended Section 3-17-6 to permit a municipality to adopt a building code that includes provisions for plan review, permitting and inspections for general, electrical, mechanical and plumbing construction.

FISCAL IMPLICATIONS

Local building programs within municipalities are receiving fees from the issuance of building permits which fund inspections. Many of these programs only have one inspector because the program covers only one building discipline. If these programs do not have an inspector in place, then the state is statutorily obligated to assume the responsibility for inspections. The permit fees have already been remitted to the local programs, so the state does not receive revenue to inspect work in progress. More stable, full-service local programs which employ multiple inspectors with adequate funding and management do not have this problem. It can be months before a new inspector is hired, but in the intervening time, the local building program continues to issue permits for new projects.

SIGNIFICANT ISSUES

The Municipal League and Construction Industries Division have been working to resolve the provision of full inspection services. Pilot projects are planned for two areas of the state. Additional time is needed to pilot the projects and examine the results of the effort.

There are currently 33 local government building departments. Of those 33, only 13 have “full service” building departments (general construction, electrical, mechanical and plumbing). The remaining 20 have assumed responsibility for general construction work only.

The bill extends the effective date for municipalities to adopt minimum standards related to inspection services from July 1, 2009 to July 1, 2011.

PERFORMANCE IMPLICATIONS

In 2007, the legislature made certain changes to Section 3-17-6 in an attempt to improve building code compliance and help local governments administer permitting, plan checking and inspection of local construction projects. The bill passed 20-18 after it was agreed the effective date should be July 1, 2009. This bill extends that time two years.

ADMINISTRATIVE IMPLICATIONS

Currently the CID is obligated to assume responsibility for all code compliance processes not assumed by local governments.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Effective July 1, 2009, a municipality will be permitted to adopt a building code that includes provisions for plan review, permitting and inspections for general, electrical, mechanical and plumbing construction.

AHO/mt