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FISCAL IMPACT REPORT

SPONSOR <u>HFL</u>	ORIGINAL DATE 01/25/07	CS/219/aHHGAC
	LAST UPDATED 03/17/07	HB /aSF1#1/aCC
<hr/>		
SHORT TITLE <u>Adoption of Municipality Codes By Reference</u>	SB	
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	ANALYST <u>Woods</u>	

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total			\$.1 see narrative		Recurring	Various

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Construction Industries Division (CID)

SUMMARY

Synopsis of Conference Committee Recommendation

The Conference Committee recommendation to House Floor Substitute for House Bill 219 (as amended) reflects the following:

1. Senate Floor Amendment 1 be disapproved; and that the bill be amended further as follows:
2. On page 3, line 2, strike "2008" and insert in lieu thereof "2009".

Synopsis of SF#1 Amendment

The Senate Floor Amendment #1 strikes the HHGAC Amendment #5 and extends the effective date of the provisions of the act until July 1, 2009.

Synopsis of HHGAC Amendment

The House Health and Government Affairs Committee Amendment removes specific reference to electrical, housing and plumbing codes because those codes are already reflected within the building code provisions on pg 1 A, (3). The Amendment clarifies any building code provisions adopted to include plan review, permitting and inspections for general, electrical, mechanical and plumbing construction. The Amendment removes pg 2, lines 13 through 16, as intent of the

language already exists on pg 2, within lines 11 and 12. The Amendment also adds an effective date of July 1, 2008.

Synopsis of Original Bill

The House Floor Substitute for House Bill 219 amends Section 3-17-6 (A) NMSA 1978 and requires municipalities that choose to adopt a building code, be required to adopt a building code that includes provisions for plan review, permitting and inspections for general, electrical, mechanical and plumbing construction, not just general 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 due to normal attrition in the work force, 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. The state's CID believes this unexpected demand on state resources adversely impacts the budget, staffing, and management of state inspections operations.

SIGNIFICANT ISSUES

The state's CID reports HB 219 was developed to improve building code compliance processes statewide. The intent of the bill is to curtail wasteful and inefficient practices caused when local governments administer part, but not all, of the permitting, plan checking, and inspection of local construction projects. 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 primarily assumed responsibility for general construction work only.

PERFORMANCE IMPLICATIONS

Currently the CID is obligated to assume responsibility for all code compliance processes not assumed by local governments. For example, local governments often take the general building part of the process, which is more lucrative and relatively easy, leaving the more difficult plumbing, mechanical, and electrical part of the processes to the state's CID. In areas where this happens a new home may have foundation, framing, and insulation inspections done by a local inspector, and then the plumbing, and/or mechanical and/or electrical inspections done by a state inspector who may have more than one county to cover.

ADMINISTRATIVE IMPLICATIONS

This change in the law will be coupled with an effort by the CID to help neighboring local governments combine forces to have a local full complement of building code compliance services, including plan check and field inspections. The CID will also be facilitating the use of "combination inspectors" at the local level so that one person can inspect more than one trade.

This is being done in some areas now and greatly increases the efficiency of local code compliance inspections.

OTHER SUBSTANTIVE ISSUES

New Mexico is experiencing a building boom, including millions spent on school construction and local economic development successes. In order to get all this work done and have timely and appropriate building code compliance processes, the state's CID believes we must change our present systems to achieve greater efficiencies.

AHO/mt