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FISCAL IMPACT REPORT

ORIGINAL DATE 01/29/07
 LAST UPDATED 02/13/07 **HB** _____

SPONSOR Leavell

SHORT TITLE Adoption of Municipality Codes By Reference **SB** 66/aSCORC

ANALYST Hanika Ortiz

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY07	FY08	FY09	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total		\$.01 see narrative			Recurring	Various

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department/Construction Industries Division (RLD/CID)

SUMMARY

Synopsis of SCORC Amendment

The Senate Corporations and Transportation 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

Senate Bill 66 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 general, electrical, mechanical and plumbing construction, not just general construction, and; that any national codes adopted, amended and enforced by the RLD/CID, represent the minimum standards of any building code adopted by a local building program.

FISCAL IMPLICATIONS

Local building programs within municipalities that do not use the universal building code 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. RLD believes this unexpected demand on State resources adversely impacts the budget, staffing, and management of State inspections operations.

SIGNIFICANT ISSUES

CID Licensing Act is firmly grounded in the concept of uniformity in building codes. RLD/CID reports that a number of municipalities have interpreted Section 3-17-6 A (3) to mean that they can adopt a different building code than the building code adopted by the State. RLD/CID believes this practice is destroying statewide code uniformity, undermines the uniformity required for statewide licensing and has made code enforcement inconsistent.

PERFORMANCE IMPLICATIONS

RLD/CID states the amendment will restore the State's ability to oversee code enforcement and contractor compliance. At the present time, residents of municipalities that have adopted codes other than those adopted by the State do not have recourse to the State's administrative discipline services. If the contractors in their jurisdictions commit code violation, it is against the local code, not the State code. The State has authority to require only that a contractor enforce State code so the State cannot take disciplinary action based on violations of a code it has not adopted. Further, a local government has no authority to discipline a contractor, so the violations of its code may continue with no consequence to the contractor's license.

ADMINISTRATIVE IMPLICATIONS

The amendment proposed within SB 66 will significantly reduce the State's inspection of locally permitted building projects and will also ensure that the building codes adopted by a local building program are as stringent as the State's codes. SB 66 will also ensure that individuals licensed by the State demonstrate a technical knowledge of building standards that are in effect throughout the State.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Duplicates HB 219

OTHER SUBSTANTIVE ISSUES

RLD/CID believes building code uniformity has a positive impact on state economic development because it has less complexity and confusion. Without it, the safety of construction is compromised by a patchwork of standards that make consistency in code enforcement virtually impossible. In addition, new businesses may be overwhelmed by unpredictable costs and complicated, inconsistent regulatory requirements.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Local jurisdictions will be permitted to continue using 3-17-6 A (3) NMSA 1978 as a revenue-generating tool without due regard for the safe construction protections afforded the community within the Construction Industries Licensing Act.

AHO/mt