

FISCAL NOTE

Bill #: SB0242

Title: Prohibit extraterritorial building codes

Primary

Sponsor: Jerry O'Neil

Status: As amended by the Free Conference Committee

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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Fiscal Summary

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
Expenditures:		
State Special Revenue	\$100,925	\$151,950
Revenue:		
State Special Revenue	\$100,925	\$151,950
Net Impact on General Fund Balance:	\$0	\$0

<u>Yes</u>	<u>No</u>		<u>Yes</u>	<u>No</u>	
X		Significant Local Gov. Impact	X		Technical Concerns
	X	Included in the Executive Budget	X		Significant Long-Term Impacts
	X	Dedicated Revenue Form Attached	X		Family Impact Form Attached

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce

1. It is assumed passage of SB 242, as amended by the Free Conference Committee, would remove the extended building codes jurisdictional areas from the eight municipalities currently imposing them, because none of the aforementioned entities would be able to meet the timelines, procedures and requirements as specified in the bill. Therefore, it is assumed that the responsibility for issuing building, mechanical, plumbing and electrical permits in the extended jurisdictions would return to the Building Codes Division of the Department of Commerce on January 1, 2002.

2. Some types of construction projects in the eliminated extended jurisdictions, such as single family dwellings in less than five-plexes, private garages, private storage buildings, and farm and ranch buildings, are exempt from state building, permitting, and inspection requirements. The division will not perform building inspections on those exempt projects, but will perform electrical and plumbing inspections, which are not exempt from state permitting and inspection requirements.
3. The division estimates an additional 250 building, 850 plumbing/mechanical permits, and an additional 500 electrical permits will be added to the current division permit and inspection workload per year. These projections are based on FY 2000 permit totals in the extended jurisdictional areas as provided by Billings, Bozeman, Columbia Falls, Missoula and Whitefish (Kalispell was unable to report in time for this fiscal note).
4. An additional 2.00 FTE, grade 14 plumbing/mechanical inspectors, and an additional 1.00 FTE, grade 14 electrical inspector will be required to complete the anticipated increase in plumbing/mechanical and electrical permits and inspections. It is anticipated the new plumbing/mechanical inspectors would be located in Billings and Missoula, with the new electrical inspector located in Billings. Since it is assumed that the Building Codes Division would begin its regulatory activities on January 1, 2002. 1.50 FTE would be needed in FY 2002. Estimated personal service costs in FY 2002 are \$49,625, and \$99,250 in FY 2003. Workload estimates are based upon the projections provided by the cities themselves, and if the estimates are low, an additional plumbing/mechanical inspector, and an additional electrical inspector would be needed for every 500 permits added to the annual workload.
5. Additional operating expenses of \$16,300 would be incurred in FY 2002 and \$35,200 in FY 2003. Three additional vehicles will be required for the new inspectors at an estimated cost of \$52,500. Two new vehicles would be purchased in FY 2002 at an estimated cost of \$35,000 and one new vehicle would be purchased in FY 2003 at an estimated cost of \$17,500.
6. Revenues generated by the additional plumbing, mechanical and electrical permits would be sufficient to offset the estimated increase in expenditures.

FISCAL IMPACT:

	<u>FY2002</u> <u>Difference</u>	<u>FY2003</u> <u>Difference</u>
FTE	1.50	3.00

Expenditures:

Personal Services	49,625	99,250
Operating Expenses	16,300	35,200
Equipment	<u>35,000</u>	<u>17,500</u>
TOTAL	\$100,925	\$151,950

Funding:

State Special Revenue (02)	\$100,925	\$151,950
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Revenues:

State Special Revenue (02)	\$100,925	\$151,950
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Net Impact to Fund Balance (Revenue minus Expenditure):

State Special Revenue (02)	\$0	\$0
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EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

1. Municipalities with extended jurisdictional areas collect a substantial portion of their building enforcement revenues from the extended jurisdictional areas. The following projections indicate the percentage of operating revenue lost by elimination of the extended jurisdictions: Billings (21%); Bozeman (31%); Kalispell (13%); Missoula (27%); Whitefish (30%); and Columbia Falls (10%).
2. The 10% to 30% losses in revenue (21% average projected loss among cities surveyed) may adversely affect individual municipal building department staffing levels with the possible loss of inspector and plan reviewer positions, which may affect the quality of their building regulation programs and their ability to serve the public.
3. The mandatory special election requirements for retention of existing municipal jurisdictional areas as well as the new requirements imposed for creation of county code enforcement programs will be costly to any counties that might seek to create them.

LONG-RANGE IMPACTS:

1. It is projected that several hundred new single family and multi-family dwellings (annually) will not receive building inspections, since single family and multi-family dwellings in less than five-plexes are exempt from building permitting and inspection under the Building Codes Division program. Also exempted are private garages, private storage structures and farm and ranch buildings.

TECHNICAL NOTES:

1. The language in new Section 6 (3) and new Section 7 (7) conflicts with 50-60-301, MCA, which requires local code enforcement programs to use the same codes as adopted by the Department. This is because some code requirements are adopted by administrative rule, and uniform and model codes are also amended by administrative rule. These new requirements would prevent counties from complying with 50-60-301, MCA, without having another election.