

Fiscal Note & Local Impact Statement

125th General Assembly of Ohio

Ohio Legislative Service Commission
77 South High Street, 9th Floor, Columbus, OH 43215-6136 ♦ Phone: (614) 466-3615
♦ Internet Web Site: <http://www.lsc.state.oh.us/>

BILL: **Am H.B. 25** DATE: **March 18, 2003**

STATUS: **As Reported by House Energy & Environment** SPONSOR: **Rep. Gibbs**

LOCAL IMPACT STATEMENT REQUIRED: **No — Permissive**

CONTENTS: **Permits counties to include regulations in building codes to protect surface and subsurface drainage and eliminates the Residential Construction Advisory Committee**

State Fiscal Highlights

STATE FUND	FY 2003	FY 2004	FUTURE YEARS
Department of Commerce – Industrial Compliance Fund 556			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- 0 -	Minimal savings	Minimal savings

- The bill eliminates the Residential Construction Advisory Committee, the administrative expenses for which are paid by the Department of Commerce. Over the last two years, the Department of Commerce has not paid any expenses related to the Committee. Therefore, realized savings would likely be minimal.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2003	FY 2004	FUTURE YEARS
Counties			
Revenues	Potential gain to offset increase in expenditures	Potential gain to offset increase in expenditures	Potential gain to offset increase in expenditures
Expenditures	Potential increase	Potential increase	Potential increase

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- The authority granted to county boards of commissioners to include regulations pertaining to drainage and subsurface drainage in county building codes is permissive.
- If a county opts to include these regulations, there may be increased expenses associated with conducting meetings with building permit applicants and contracting with a qualified person to conduct inspections and make evaluations regarding modifications to building plans. It is likely that these expenses will be passed on to the applicant through increased building permit fees.
- Assuming that relatively few building permit appeals will be filed in any given court of common pleas, the annual cost to the court to adjudicate such matters is unlikely to exceed minimal. A negligible amount of related court cost and filing fee revenue could be collected annually as well.

Detailed Fiscal Analysis

The bill permits county boards of commissioners to include provisions in county building codes that require a review of the specific effects of proposed new construction on existing surface and subsurface drainage. These provisions may apply to residential construction, which may be regulated by the county, and to commercial and industrial construction, which is regulated by the state.

If regulations are adopted, a board must lay out specific procedures for the review, some of which may require increased expenditures for a county. These procedures, their activities, and potential expenses are outlined below:

Potential Costs Associated with Drainage Regulations

Review Procedure	Related Activity	Potential Expense
Conduct a meeting to examine the effects of new construction on drainage/mail notice of the meeting to applicant	Board staff time, meeting space, postage	Any increase in expenditures is likely to be minimal
Board may contract with county engineer or other qualified person to conduct inspections and evaluate what modifications to a building plan are required to protect drainage	Contractor's time spent conducting inspections and performing evaluations	Any increase in county expenses is likely to be passed to applicants through higher building permit fees
Applicant has the right to appeal the denial of a building permit following a board's review	Administrative activities for county courts of common pleas	The annual cost to a court to adjudicate such matters would probably be minimal

Residential Building Permit Fees

Under Revised Code 307.37, counties have the authority to regulate residential construction. Currently, 30 counties in Ohio have adopted residential building codes, which they enforce through county residential building departments.^[1] Residential building permit fees are typically established to cover the administrative expenses of county building departments responsible for reviewing building plans and conducting home inspections. Of the 30 counties that currently regulate residential construction, several were surveyed in order to determine a range of fees. These are presented in the table below.

If a board of county commissioners adopts new residential building code regulations, the implementation and enforcement for county building departments, are likely to be passed to building permit applicants in the form of higher permit fees. The amount of increase will largely depend on how county building codes are currently structured, whether regulations protecting drainage and subsurface drainage can easily be incorporated, whether a county chooses to contract with a county engineer or other qualified person to conduct inspections, the compensation agreement contained in that contract, and other related issues.

County Residential Building Permit Fees

County	Area of Regulation	Fee Structure
Ashtabula	Structure Electrical Mechanical (heating/cooling)	\$50 + 2¢ per ft ² \$63 + (ft ² *6*0025) \$30
Clermont	New residence construction Addition to existing residence Accessory structures Alterations/remodeling Electrical inspection Mechanical inspection	Between \$100 and \$140 depending on number of stories \$50 + 6¢ per ft ² \$50 + 6¢ per ft ² \$30 + \$4 per \$1,000 construction cost Between \$20 and \$60 Between \$36 and \$54
Stark	New residence construction (includes addition and accessory construction) Alterations/repairs Electrical Mechanical	\$25 + \$2 per 100 ft ² \$25 + \$2 per 100 ft ² \$25, then between 30¢ and \$5 per electrical unit (\$25 for a swimming pool) \$15 first unit; \$10 each additional unit
Hamilton	New residence construction Addition to existing residence Accessory structures (over 130 ft ²) Alterations/repairs Mechanical – heating or air Heating and air combined	Building Gross Area * \$0.124 Building Gross Area * \$0.124 \$134 each \$67 each; \$134 minimum \$48 each \$94 each

Under Revised Code 3781.11, county building codes related to construction that is regulated under Ohio Building Code standards (i.e., commercial and industrial construction) must conform with state standards. Issues of drainage are not currently regulated under Ohio Building Code. Therefore, counties may also include provisions in county building codes that require an assessment of surface and subsurface drainage for these types of construction.

Courts of Common Pleas

As a result of the bill, additional appeals may be filed with courts of common pleas. As of this writing, LSC fiscal staff has not collected any evidence suggesting that the number of appeals that might be filed annually in any given court of common pleas will be very large. One would assume that in the majority of building permit situations potentially affected by the bill, an applicant and a board of county commissioners would work to informally resolve any disagreements, thus avoiding, if possible, the time and expense associated with an appeal filed in a court of common pleas. Assuming that were true, then relatively few additional building permit appeals will be filed in any given court of common pleas, and the annual cost to the court to adjudicate such matters seems unlikely to exceed minimal. A negligible amount of related court cost and filing fee revenue could be collected annually as well.

Elimination of the Residential Construction Advisory Committee

The Committee was created under H.B. 434 of the 123rd General Assembly. It consists of eight members who are appointed by the Director of the Department of Commerce. Members include three residential building contractors, a contractor who specializes in residential remodeling, an architect, two building inspectors, and a fire safety official. The Committee was charged with developing a new model residential construction building code and forwarding its recommendations to the Ohio Construction Industry Examining Board by June 2002. This report was never issued. The Committee's last meeting was in May 2002.

The members of the committee do not receive a salary for their work, but may be reimbursed for actual and necessary expenses, which are paid by the Department of Commerce from its Industrial Compliance Fund 556. Over the last two years, the Department of Commerce has not paid any expenses related to the Committee. The Committee's meetings are held at offices within the Department of Industrial Compliance at no additional expense. If any savings were to be realized from the elimination of the Committee, they would be minimal.

LSC fiscal staff: Kerry Sullivan, Budget Analyst

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[1] These counties are Ashtabula, Brown, Butler, Champaign, Clark, Clermont, Clinton, Delaware, Geauga, Greene, Hamilton, Lake, Licking, Lucas, Mahoning, Medina, Miami, Montgomery, Ottawa, Pickaway, Portage, Richland, Shelby, Stark, Summit, Trumbull, Union, Warren, Wayne, and Wood.