



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: 2024 Bldg. Code Regulatory Reform.
Bill Number: Senate Bill 166 (Fourth Edition)
Sponsor(s): Sen. Joyce Krawiec, Sen. Steve Jarvis, and Sen. Paul A. Lowe, Jr.

SUMMARY TABLE

FISCAL IMPACT OF S.B. 166 (V.4)

	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>	<u>FY 2028-29</u>
State Impact					
General Fund Revenue	-	-	-	-	-
Less Expenditures	-	-	-	-	-
General Fund Impact	-	-	-	-	-
Special Fund Revenues	-	-	-	-	-
Less Expenditures	-	-	-	-	-
Special Fund Impact	-	-	-	-	-

NET STATE IMPACT	Unknown, Likely Minimal Fiscal Impact-See Fiscal Analysis Section
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Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-

NET LOCAL IMPACT	Unknown, Potentially Significant Fiscal Impact-See Fiscal Analysis Section
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TECHNICAL CONSIDERATIONS: See Technical Considerations Section

FISCAL IMPACT SUMMARY

The following sections provide a summary of the fiscal impact of each finance-related section of the bill.

Section 1.3, Building Permit Fees for Inspection Department Clarification, would not have a fiscal impact as there will not be a change in net fee revenue.

Section 1.4, Residential Plan Review Fee Permit, likely has a fiscal impact to the extent late permit reviews would be refunded and correspondingly decrease local governments' building permit application fee revenue.

Section 1.12-Performance Guarantees for Subdivisions, would likely have a fiscal impact to local governments and no fiscal impact to the State.

Section 3.4b, Create a Building Code Permit Technician Certification, would have no General Fund impact to the State.

Section 4.4, On-Site Wastewater Contractors and Inspectors Board Changes, would have no General Fund impact to the State.

Section 4.6, Increase Fees for Licensed Soil Scientists, would have no General Fund impact to the State.

Section 4.8, Water Supply Well Setback Changes, has no fiscal impact.

Section 5.1, Reorganize Building Code Council, would have no General Fund impact to the State.

FISCAL ANALYSIS

The following sections discuss the fiscal analysis for estimates of each finance-related section of the bill.

Section 1.3-Building Permit Fees for Inspection Department Clarification. This section would clarify that any fees a local government's building inspection department collects are only to be used for the administration, enforcement, and operations of that department, and for no other purposes. Data is not maintained on the extent to which local government's permit fees are redirected outside of building inspection departments, such as to a local government's general fund. This section likely would not have a fiscal impact to the local government overall as the fee revenue received remains the same.

Section 1.4-Residential Plan Review Fee Permit. This section would require residential building permit applicants to be refunded part or all of their application fees if the initial review of their application is not conducted within 20 business days (15 business days plus a 5 business day grace period). After those 20 business days, the refund assessed is 10% per business day and caps at 10 days, or 100% of the corresponding application fees being refunded. In other words, these late reviews will result in a minimum refund of 10% and maximum of 100% of the application fee.

The fiscal impact of this is unknown since aggregated data is not maintained on the timeliness by which local governments review these applications nor on the costs of such reviews by local governments. FRDs review of various local governments' websites shows wide variation in fee

amounts. Although uncertain, this section could significantly reduce fee revenue for local governments' permit issuing offices but will likely not affect local governments' general finances.

Section 1.12-Performance Guarantees for Subdivisions. This section amends G.S. 160D-804.1 by adding a new provision which requires inspections by local governments of improvements subject to performance guarantees. The inspections must be completed within 30 days of a request made by the developer. In the case of a disagreement of whether the improvements meet local government specifications, the developer may substitute an inspection done by a licensed professional engineer. Another provision is added which prohibits the requirement of performance guarantees for maintenance of improvements after the local government's required improvements have been completed. These changes would likely have a fiscal impact to local governments, though an estimate cannot be provided at this time.

Section 3.4b-Create a Building Code Permit Technician Certification. This section would amend G.S. 143-151.22 to create the State Building Code Permit Technician Certification Program. The Board may establish professional development requirements, assess candidates through an examination, and authorize fees for initial certification and renewals. The creation and implementation of this new program may increase administrative costs, however, the Board's operating budget is fully receipt-supported through licensure fees, so the administrative costs associated with the changes would have no General Fund impact to the State.

Section 4.4, On-Site Wastewater Contractors and Inspectors Board Changes. This section would amend Article 5 of Chapter 90A to make changes to the way the NC On-Site Wastewater Contractors and Inspectors Certification Board (Board) regulates on-site wastewater professionals, including establishing new fees and raising existing licensure fees, updating education requirements, and creating a new private compliance inspector license. The four new fees the Board may assess range from \$75 to \$300 each. Two fees are increased, one by \$50 (from \$150 to \$200) and another by \$250 (from \$50 to \$300). The Board's operating budget is fully receipt-supported through licensure fees, so the administrative costs associated with the changes would have no General Fund impact to the State.

Section 4.6-Increase Fees for Licensed Soil Scientists. This section would amend G.S. 89F-25 by increasing the fees for licensed soil scientists and creating two new certificates of licensure. The Board of Soil Scientists determines fees that shall not exceed the amounts listed in Statute. The bill would establish two new licenses that each would have a \$200 fee and would raise the rates for six fees within a range of \$30 to \$100 each. The creation of new licenses and increase in fees may result in increased administrative costs, however, the Board's operating budget is fully receipt-supported through licensure fees, so the administrative costs associated with the changes would have no General Fund impact to the State.

Section 4.8-Water Supply Well Setback Changes. This section would reduce the minimum setback required between water supply wells and on-site wastewater systems in a saprolite system to 50 feet. This section has no fiscal impact.

Section 5.1-Reorganize Building Code Council. This section amends G.S. 143-136 to reorganize the Building Code Council (BCC) and reduce the membership from 17 members to 13 members.

Reducing the number of members will reduce the annual per diem costs associated with the BCC by \$5,665. However, the Department of Insurance may use these funds to offset the operating expenses incurred in the administration of the BCC. Therefore, the administrative costs associated with these changes would have no General Fund impact to the State.

TECHNICAL CONSIDERATIONS

The changes in Section 4.9, Clarify Changes to On-Site Wastewater Statutes, are included in Senate Bill 508, which was ratified on May 6, 2024. At the time of this writing, that bill has not become law.

DATA SOURCES

N.C. Departments of Insurance, Revenue, and State Treasurer. N.C. Financial System. Various local governments planning and zoning department websites.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

Questions on this analysis should be directed to the Fiscal Research Division at (919) 733-4910.

ESTIMATE PREPARED BY

Susie Camilleri, Brent Lucas, Katherine Tamer, and Jacob Sargent

ESTIMATE APPROVED BY

Brian Matteson, Director of Fiscal Research
Fiscal Research Division
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