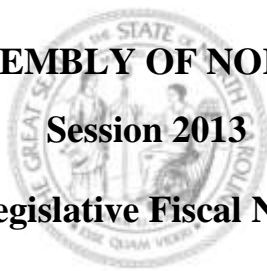


**GENERAL ASSEMBLY OF NORTH CAROLINA**



**Session 2013**

**Legislative Fiscal Note**

**REVISED NOTE**

**BILL NUMBER:** House Bill 807 (First Edition)

**SHORT TITLE:** Building Code Council/Post Code Online.

**SPONSOR(S):** Representatives Cotham, Hager, and Brody

<b>FISCAL IMPACT</b>					
	<input checked="" type="checkbox"/> <b>Yes</b>	<input type="checkbox"/> <b>No</b>	<input type="checkbox"/> <b>No Estimate Available</b>		
<b>Department of Insurance State Impact</b>	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>FY 2017-18</b>
General Fund Revenues:	-52,732 to -52,732	-52,732 to -52,732	-52,732 to -52,732	-52,732 to -52,732	-52,732 to -52,732
General Fund Expenditure	1,138,000 to unknown	1,138,000 to unknown	1,138,000 to unknown	1,138,000 to unknown	1,138,000 to unknown
<b>NET STATE IMPACT</b>	<b>-1,190,732 to unknown</b>	<b>-1,190,732 to unknown</b>	<b>-1,190,732 to unknown</b>	<b>-1,190,732 to unknown</b>	<b>-1,190,732 to unknown</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Insurance					
<b>EFFECTIVE DATE:</b> October 1, 2013					
<b>TECHNICAL CONSIDERATIONS:</b> Yes - See Technical Considerations Section					

**REVISION NOTE:** This Note has been revised based upon additional information received from Department of Insurance and others on the current contract and copyright issues that impact the overall estimate of fiscal impact.

**BILL SUMMARY:**

Amends GS 143-138(g) by requiring North Carolina Building Code Council to post codes onto the Council's website after adoption in a form that may be downloaded and printed free of charge.

**ASSUMPTIONS AND METHODOLOGY:**

The Department of Insurance, Office of State Fire Marshal, Engineering and Codes Division provides staff support to the Building Code Council. The Division maintains a website that includes Council agendas, meeting minutes, and the building codes. Those documents are already available in Adobe Portable Document Format (PDF) versions and free of charge to the public to view; hard copies are available to purchase at a contractual price.

### Contract

HB 807 would now require these codes/documents to be printed free-of-charge. The Department of Insurance (DOI) contracts with the International Code Council to maintain and update North Carolina's custom building codes. The contract does not allow for the printing these codes off the DOI's website by the viewer. The contract includes:

1. Updating and publishing a complete set of custom codes the State of North Carolina;
2. Providing complimentary copies of the complete set of codes to the State Department of Insurance and some jurisdictions;
3. Creating a CD of the codes in Adobe Portable Document Format (PDF);
4. Providing online free viewing of the codes in Adobe Portable Document Format (PDF); and,
5. Offering discounts on the purchase of the codes when purchases are made through the Department of Insurance website or a special URL link.

The contract does not allow for the printing of the document from the website. For every book sold, the ICC pays DOI \$5 and for every set sold, the ICC pays DOI \$25.

According to the current contract between Department of Insurance and International Code Council (ICC), ICC "retains all rights, including copyrights, trademarks, patents or other proprietary rights, in the International Codes".

### Potential Costs

1. HB 807 would require a change to the current contract between DOI and ICC. If ICC allowed this change, it would likely result in a cost increase to the current contract.
2. If ICC would not agree to make this allowance within the contract, the following could occur:
  - a. NC could be required to develop its own codes, NC has not maintained its own codes since 1978. DOI estimates that at a minimum the cost of developing NC own codes would be \$600,000 annually (not including additional professional staff necessary for the development).
  - b. NC could be responsible for new product evaluations, this service is currently provided by ICC. There would be a cost associated with this; but there is no estimate available.
3. NC DOI would lose revenue received from ICC for the sale of the code books. In 2011-12, the DOI received \$52,732 from the sale of books and during FY 2012-13, DOI has received \$35,374. Additionally, DOI receives several free sets of the codes and without the free sets and discounts received through ICC, the DOI estimates it would cost an additional \$468,700 for the code books for DOI staff, jurisdictions, and committees.
4. North Carolina's codes are referenced by other safety code standards, which if the building codes are changed, there would be costs associated with changing other safety codes. It is not known what additional costs would result from second and third effects.

**SOURCES OF DATA:**

North Carolina Department of Insurance website

[http://www.ncdoi.com/Osfm/Engineering\\_and\\_Codes/Default.aspx?field1=Building\\_Code\\_Council\\_USER&user=Building\\_Code\\_Council](http://www.ncdoi.com/Osfm/Engineering_and_Codes/Default.aspx?field1=Building_Code_Council_USER&user=Building_Code_Council)

Department of Insurance Staff

**TECHNICAL CONSIDERATIONS:** The current contract between Department of Insurance and International Code Council does not include the ability to print the codes from the website. This is a copyright issue.

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**APPROVED BY:**

Mark Trogon, Director  
**Fiscal Research Division**

**DATE:** May 7, 2013



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