



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S.0579	Introduced on March 23, 2017
Author:	Alexander	
Subject:	Building Codes	
Requestor:	Senate Labor, Commerce, and Industry	
RFA Analyst(s):	Powell, A. Martin, and Mitchell	
Impact Date:	February 27, 2018	

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	See Below	\$0
Full-Time Equivalent Position(s)	1.00	0.00
State Revenue		
General Fund	See Below	\$0
Other and Federal	See Below	\$0
Local Expenditure	See Below	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill makes changes to the process by which building codes in the state are adopted, amended, and enforced. The State Fiscal Accountability Authority (SFAA) and the State Department of Education will be required to increase expenditures for licensing, but both agencies have indicated that these additional expenditures can be managed within existing appropriations and authorizations. Other Funds expenditures of the Department of Labor, Licensing, and Regulation (LLR) will increase by at least \$42,863 to fund one FTE to manage the increased responsibilities associated with fiscal impacts and to provide support for the increased number of technical review committee and South Carolina Building Codes Council (Council) meetings. LLR also anticipates increased Other Funds expenditures due to the increased number of meetings and technical review committee members, but have not been able to fully quantify these expenses due to the uncertainty regarding the number of meetings required and the number of members on the technical review committees.

LLR is allowed to charge fees for licensing which support the operations of the Council. This bill will result in additional individuals becoming licensed, which will increase Other Funds fee revenues. LLR is not able to quantify these potential increases, but the agency is allowed to adjust fees on a biennial basis to support the expenditures of the program. Additionally, Proviso 81.3 of the 2017-18 Appropriations Act directs LLR to remit a portion of the fees equivalent to ten percent of program expenditures to the General Fund. Therefore, this may result in a small, but undetermined, General Fund revenue increase.

Local expenditure estimates from counties ranged from \$0 to \$8,000, but due to the small sample size and varying nature of the responses these cannot be extrapolated statewide.

Explanation of Fiscal Impact

Introduced on March 23, 2017

State Expenditure

This bill makes changes to the process by which building codes in the state are adopted, amended, and enforced. It provides that only South Carolina Building Codes are binding upon state or local governmental entities which adopt the building and safety codes authorized by this bill. Previously, portions of nationally known building and safety codes relating to building standards and safety standards were also binding on state or local governmental entities which adopted South Carolina Building Codes. It also requires all state regulatory agencies to enforce the South Carolina Building Codes. The bill adds residential and commercial technical review committees to the Council, defines the certification requirements for membership on these committees, and defines the responsibilities of these committees. The committees are required to have public meetings and to provide opportunities for public comment. It sets a schedule for the review and adoption of new residential and commercial building codes and requires that the Council provide a preliminary fiscal impact statement reflecting estimates of costs to be incurred by the public and state agencies for complying with proposed modifications or amendments. Changes to Section 6-9-10(A) remove the requirement for the enforcing authority to enforce energy and energy efficiency codes.

Department of Administration. The Department of Administration does not anticipate an expenditure impact as a result of this bill. The certified technical reviewers required by this bill would fall under the purview of the Office of the State Engineer and the Department of Administration's services to state agencies would not be impacted.

State Fiscal Accountability Authority. The Office of the State Engineer is housed at SFAA. This office is charged with assisting state agencies during the design process for construction projects on State property. SFAA anticipates this bill will result in increased Other Funds expenditures of \$275 annually for licensing of its employees that are certified to perform inspections. SFAA indicates that, while this bill will result in increased Other Funds expenditures, the requirements of this bill can be managed within its existing appropriations and authorizations.

State Department of Education. This bill will require code enforcement officers in the Department of Education to become certified under the requirements of the South Carolina Building Codes Council. There are six staff members that perform inspections, each of which would be required to obtain the following certifications: Building Inspector, Mechanical Inspector, Plumbing Inspector, Electrical Inspector, and Fire Inspector. Additional training in each field would be required, the staff members would be required to pass exams, and the inspectors would need to be approved by the Department of Labor, Licensing and Regulation. This bill will result in increased General Fund expenditures of \$74,898 to obtain the initial certifications, with ongoing expenditures of \$6,150 for continuing education and bi-annual license renewal. The Department of Education has indicated that these expenditures can be managed within the agency's existing appropriations and authorizations.

Department of Labor, Licensing and Regulation. LLR anticipates an impact as a result of this bill due to the changes associated with the technical review committees and the increased responsibilities of the building codes council. This bill creates two new technical review committees; however, it does not specify the number of members required for each committee. Committee members receive a per diem allowance of \$35, subsistence allowance of \$25 per day, and mileage reimbursement of 53.5 cents per mile. Court reporter fees are expected to be \$2,156 per committee meeting. This bill requires the technical review committees to conduct a public hearing within ten days of receiving a request from the Council to issue a temporary building code modification. In addition, the Council must conduct a public meeting within seven days of receiving the technical review committees' recommendation to issue a temporary building code modification. Because the number of committee members and number of meetings are unknown, the expenditure impact is undetermined.

The bill also requires a fiscal impact statement to be conducted for every request for modification or amendment to the building codes. In order to comply with this requirement and to support the increased number of meetings, at least one new staff member will be needed. LLR anticipates \$42,863 in Other Fund expenditures for FY 2019-20, and each year thereafter for salary and associated operating costs for a Program Assistant.

This bill also requires LLR to provide the Council and the technical review committees with a printed or electronic copy of the relevant codes being enforced or reviewed. The cost for a complete set of relevant building codes, in hard copy or electronic format, is \$825 per set. Because the number of technical review committee members is unknown, the expenditure impact on Other Funds is undetermined.

State Revenue

Department of Labor, Licensing and Regulation. LLR is allowed to charge fees for licensing which support the operations of the Council. This bill will result in additional individuals becoming licensed, which will increase Other Funds fee revenues. LLR is not able to quantify these potential increases, but Section 40-1-50 (D) of the South Carolina Code of Laws allows the agency to adjust fees on a biennial basis to keep them at an appropriate level to support the expenditures of the program. Additionally, Proviso 81.3 of the 2017-18 Appropriations Act directs LLR to remit a portion of the fees equivalent to ten percent of program expenditures to the General Fund. Therefore, this may result in a small, but undetermined, General Fund revenue increase.

Local Expenditure & Revenue

Twenty-three counties and the Municipal Association of South Carolina were surveyed regarding this bill. The Municipal Association and three of the four counties responding indicated that they did not anticipate an expenditure increase as a result of this bill. One county estimated that complying with the provisions of this bill would result in increased expenditures in the range of \$7,000 to \$8,000. While unable to quantify the impact, one county also noted that moving away from an international code may impact their Insurance Services Organization rating and insurance premiums. Due to the varying replies and small sample size, these responses cannot be extrapolated to a statewide impact.



Frank A. Rainwater, Executive Director