

**STATE and LOCAL  
FISCAL IMPACT**

**Drafting Number:** LLS 08-0157

**Date:** January 7, 2008

**Prime Sponsor(s):** Rep. Mitchell V.  
Sen. Taylor

**Bill Status:** House Education

**Fiscal Analyst:** Clare Pramuk (303-866-2677)

**TITLE:** CONCERNING BUILDING INSPECTION REQUIREMENTS FOR EDUCATIONAL INSTITUTIONS.

<b>Fiscal Impact Summary</b>	<b>FY 2008-2009</b>	<b>FY 2009-2010</b>
<b>State Revenue*</b>		
Cash Funds		
Public Safety Inspection Cash Fund	\$86,300	\$82,800
<b>State Expenditures*</b>		
Cash Funds		
Public Safety Inspection Cash Fund	\$78,500	\$75,100
<b>FTE Position Change</b>	1.0 FTE	1.0 FTE
<b>Effective Date:</b> Upon signature of the Governor or upon the bill becoming law without his signature.		
<b>Appropriation Summary for FY 2008-2009:</b> See State Appropriations section of the fiscal note.		
<b>Local Government Impact:</b> See Local Government Impact section of the fiscal note.		

*\*Rounded*

**Summary of Legislation**

This bill, recommended by the Legislative Audit Committee, addresses deficiencies in the Public School Construction Program of the Department of Labor and Employment, Division of Oil and Public Safety, as identified in a 2007 performance audit. To increase the resources available for plan reviews and inspections, the division is required to certify and contract with third-party inspectors for the inspection of construction projects for public schools and junior college district buildings. The affected board of education, state charter school institute, charter school, or junior college district, would hire and pay the inspectors. If these inspections are not completed satisfactorily or all violations are not corrected, the division is authorized to take enforcement action. Pursuant to a memorandum of understanding, the division may prequalify a local jurisdiction to perform plan reviews, issue building permits and certificates of occupancy, conduct inspections and take enforcement action. If no certified, third-party inspector is available, a prequalified local jurisdiction would oversee the project. If neither entity is available, the division would conduct the inspections. The statutory \$200 fee limit for inspections conducted by the division, is repealed and set by rule by the division director to cover the actual, reasonable, and necessary expenses of the division. Effective July 1, 2008, the Public Safety Inspection Fund would not be subject to the limit on uncommitted reserve funds.

**State Revenue**

State revenue to the Public Safety Inspection Cash Fund is anticipated to increase \$86,300 for FY 2008-09 and \$82,800 for FY 2009-10. The division director is authorized to set inspection fees by rule to cover the additional state expenditures required to implement this bill. The division currently utilizes a method to set fees for plan review that considers the number and valuation of projects received in the prior year, and appropriated annual expenses. This method includes a multiplier that is adjusted to increase or decrease the fees based on the actual number and costs of projects received. The fee applied to a project comes from the fee schedule in effect on the date of issuance of the construction permit. The division director is expected to adopt a similar method for setting inspection fees.

**State Expenditures**

This bill has a cash funds fiscal impact of \$78,500 for FY 2008-09 and \$75,100 for FY 2009-10 and 1.0 FTE will be required in both fiscal years. The division's new staff person will be responsible for establishing and operating the inspector certification program and initiating enforcement actions for violations. Building inspections that are not conducted by third party inspectors or local authorities will be performed by existing division staff inspectors.

<b>Table 1. Expenditures Under HB08-1027</b>		
<b>Cost Components</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
Personal Services	\$74,100	\$74,100
FTE	1.0	1.0
Operating Expenses	\$4,400	\$1,000
<b>TOTAL</b>	<b>\$78,500</b>	<b>\$75,100</b>

This bill does not change the statutory responsibilities of the Division of Fire Safety in the Office of Preparedness, Security and Fire Safety in the Department of Public Safety, so it has no fiscal impact on that division.

**Expenditures Not Included**

Pursuant to a Joint Budget Committee policy, funding for the items noted below will not be included in fiscal note expenditure estimates. However, indirect costs are calculated for the purpose of identifying the "per applicant" cost of a new or revised fee to reflect the total direct and indirect costs required to support a particular program.

- group health, life and dental insurance (\$6,299)
- short-term disability (\$86)
- amortization equalization disbursements (\$1062)
- supplemental amortization equalization disbursements (\$332)

**Local Government Impact**

This bill will have a fiscal impact on local government but that amount cannot be determined at this time. It will enable a local building department to oversee school construction projects and charge fees sufficient to cover costs which will provide additional revenue. School districts, charter school institutes, charter schools and junior colleges will likely pay higher fees than in the past whether their inspections are done by a third-party inspector, local building department or the division. These costs could be incorporated into project costs for local school district bond issues and absorbed with existing funds for junior college districts.

**State Appropriations**

To implement this bill, the Department of Labor and Employment requires a cash funds appropriation of \$78,490 from the Public Safety Inspection Fund and 1.0 FTE for FY 2008-09.

**Departments Contacted**

Education  
Public Safety  
Higher Education

Labor and Employment  
Treasury

Local Affairs  
Revenue