



STATE FISCAL IMPACT

Drafting Number: LLS 13-0948**Date:** April 9, 2013**Prime Sponsor(s):** Rep. Gerou
Sen. Hodge**Bill Status:** House Finance**Fiscal Analyst:** Alex Schatz (303-866-4375)**TITLE:** CONCERNING A TWO-YEAR WAIVER FROM THE TARGET RESERVE REQUIREMENT FOR THE BUILDING REGULATION FUND.

| Fiscal Impact Summary | FY 2013-2014 | FY 2014-2015 |
|--|--------------|--------------|
| State Revenue | | |
| Cash Funds | | |
| Building Regulation Fund | \$338,854 | |
| State Expenditures | | |
| FTE Position Change | | |
| Effective Date: Upon signature of the Governor, or upon becoming law without his signature. | | |
| Appropriation Summary for FY 2013-2014: None required. | | |
| Local Government Impact: None. | | |

Summary of Legislation

For FY 2012-13 and FY 2013-14, this bill, **recommended by the Joint Budget Committee**, waives the limitation on the accumulated amount of uncommitted reserves in the Building Regulation Fund (BRF) in the Department of Local Affairs (DOLA).

Background

The BRF provides cash funding for the building regulation program in DOLA. This program provides plan review, inspections, and certifications related to factory-built buildings in the state. DOLA collects fees in the BRF from the program's various regulatory and enforcement activities.

Unless otherwise directed by statute, the uncommitted reserves of a cash fund that receives fees may not exceed 16.5 percent of annual expenditures. If a fund is out of compliance, the responsible agency must reduce its fees as appropriate to attain compliance or seek a legislative waiver of the target reserve limit.

Currently, the BRF is out of compliance with the 16.5 target reserve limit, based in part on the receipt of one-time federal funds in FY 2009-10. However, expenditures in DOLA's building regulation program currently exceed revenue by approximately 10 percent. A waiver of the target reserve limit extends the period of time before DOLA must raise fees to maintain the building regulation program.

State Revenue

In FY 2013-14, the bill allows DOLA to collect \$338,854 in fees that must otherwise be reduced to comply with the target reserve limit in the Building Regulation Fund. Under current law, DOLA must reduce fee collections by \$338,854 prior to the end of FY 2013-14. This could be accomplished by instituting a temporary "fee holiday" or, as illustrated below and assumed by this analysis, reducing all affected fees by 55 percent in FY 2013-14. Once the BRF complies with the target reserve limit, DOLA will restore affected fees on or before July 1, 2014, to at least their current level (or up to 10 percent above current levels based on BRF cashflow). The various affected fees and fee revenue retained under the bill are detailed in Table 1.

Fee Impact on Individuals, Families or Business. Section 2-2-322, C.R.S., requires legislative service agency review of measures which create or increase any fee collected by a state agency. The table below identifies the fee impact of this bill.

| Table 1. Fee Impact on Individuals, Families or Business in FY 2013-14 | | | | | |
|---|----------------------|----------------------|-------------------|------------------------|-------------------------|
| Type of Fee | Adjusted Fee* | Restored Fee* | Fee Change | Number Affected | Total Fee Impact |
| Plant Registration | \$225 | \$500 | \$275 | 135 | 37,125 |
| Independent Inspection Agency Registration | 113 | 250 | 137 | 25 | 3,425 |
| Plan Review | 133 | 295 | 162 | 595 | 96,390 |
| Certification Insignia | 45 | 100 | 55 | 1,500 | 82,500 |
| Factory Oversight Inspection | 103 | 230 | 127 | 510 | 64,770 |
| Enforcement Actions | 113 | 250 | 137 | 12 | 1,644 |
| MHIP Insignia | 18 | 40 | 22 | 1,100 | 24,200 |
| MHIP Inspection | 79 | 175 | 96 | 300 | 28,800 |
| TOTAL | | | | | \$338,854 |

* The adjusted fees noted in Table 1 assume the Department of Local Affairs must reduce administratively-set fees paid to the Building Regulation Fund by 55 percent across-the-board in FY 2013-14. Restored fees reflect current fee levels that will be maintained if HB 13-1280 is enacted.

The fiscal note assumes that only administratively-set fees credited to the Building Regulation Fund are adjusted to comply with the target reserve limit. Two fees deposited into the BRF, the Manufactured Housing Installation Program (MHIP) installer registration fee and the dealer registration fee, are set in statute. These fees account for under seven percent of fees deposited into the BRF.

Departments Contacted

Joint Budget Committee Staff

Local Affairs

Personnel and Administration