



NORTH CAROLINA GENERAL ASSEMBLY

2023 Session

Legislative Fiscal Note

Short Title: Code Council Reorg. and Var. Code Amend.
Bill Number: House Bill 488 (Third Edition)
Sponsor(s): Rep. Brody, Rep. D. Hall, Rep. Cotham, and Rep. Riddell

SUMMARY TABLE

FISCAL IMPACT OF H.B. 488, V. 11, Proposed Committee Substitute					
	<u>FY 2023-24</u>	<u>FY 2024-25</u>	<u>FY 2025-26</u>	<u>FY 2026-27</u>	<u>FY 2027-28</u>
State Impact					
General Fund Revenue	-	245,909	472,972	492,458	520,408
Less Expenditures	-	-	-	-	-
General Fund Impact	-	245,909	472,972	492,458	520,408
NET STATE IMPACT	-	\$245,909	\$472,972	\$492,458	\$520,408
Local Impact					
Local Revenue	-	-	-	-	-
Less Local Expenditures	-	-	-	-	-
NET LOCAL IMPACT	-	No Estimate Available - Potential Fiscal Impact			
STATE POSITIONS	0.00	3.00	3.00	3.00	3.00
TECHNICAL CONSIDERATIONS: None					

FISCAL IMPACT SUMMARY

Section 1 creates a new Residential Code Council (RCC) and requires the Department of Insurance (DOI) to provide direct staff support and to pay the per diem, travel reimbursement and ancillary costs associated with the RCC. The estimated recurring cost for the first full fiscal year is approximately \$473,000.

Section 2 raises the exemption for building permits for any construction, installation, repair, replacement, or alteration in structures covered under G.S. 143-138(b5) from \$20,000 to \$40,000. While the proposed increase in the cap is anticipated to impact local government revenues, there is no requirement for statewide reporting on the number and type of building permits issued by local governments, thus no fiscal estimate is available.

Section 10 may have a fiscal impact on local erosion and sedimentation control programs. To the extent that the proposed language reduces local revenue to the point that the local program is no longer viable, and the Department of Environmental Quality has to assume responsibility for more erosion and sedimentation control permits, this section may have a fiscal impact on the General Fund. Fiscal Research cannot estimate what that impact might be.

FISCAL ANALYSIS

Section 1 reorganizes the Building Code Council (BCC) and creates a 13-member Residential Code Council (RCC), to review and consider any proposed revision or amendment to the RCC and any other code applicable to residential construction and to interpret and resolve code appeals. The current cost to support the statutory duties of the existing BCC includes 12.0 FTE positions and associated costs for the BCC for an estimated cost of \$1.6 million each fiscal year. Due to the addition of three-family (triplex) and four-family (quadplex) dwellings within the RCC scope, the projection additional cost to DOI includes 2.0 FTE engineer positions and an additional 1.0 FTE administrative support position, operating costs, and travel and per diem for the RCC, for an estimated annual cost of \$473,000.

Section 10 of the bill amends G.S. 113A-60, Local erosion, and sedimentation control programs, to change the authorized fees local programs can charge. Currently, the statute does not specify how much local programs can charge, but it does say the fee shall be calculated on the number of acres disturbed. For single-family lots of less than one acre in a residential development, the fee cannot be more than \$100 per lot developed. The proposed change would allow the applicant to choose between a fee per acre disturbed or no more than \$100 per lot developed. It appears that the revision would only impact single-family residential development, but the language is unclear. If the revised language only impacts the calculation of single-family residential development fees (i.e., no more than \$100 per lot developed), then that does not significantly change current practice, and would have no fiscal impact. If the revised language is interpreted to have a broader scope (i.e., any permittee can choose to pay the \$100 per lot fee if their per acre fee is greater than \$100), then the revised language could have a significant fiscal impact.

There are fifty-five local erosion and sedimentation control (E&SC) programs. Fees for the programs vary in both the cost and how they are calculated, but the Department of Environmental Quality (DEQ) reports that, on average, the fees are around \$275 per acre. In calendar year 2022, 5,850 applications for E&SC plans were submitted to fifty of the local programs (five programs did not provide data). Because detailed data regarding the number of acres those applications covered is not available, Fiscal Research cannot calculate the total amount generated by the local fees. Local program fees support approximately 135 full-time equivalent (FTE) positions. In areas where local erosion and sedimentation control programs do not exist, DEQ handles the applications. To the extent that the proposed language reduces local revenue to the point that the local program is no longer viable, and the Department of Environmental Quality has to assume responsibility for more erosion and sedimentation control permits, this section may have a fiscal impact on the General Fund. Fiscal Research cannot estimate what that impact might be.

TECHNICAL CONSIDERATIONS

N/A.

DATA SOURCES

N/A

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.

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