

HOUSE BILL REPORT

HB 1234

As Reported by House Committee On:
Local Government
General Government & Information Technology

Title: An act relating to the building code council account.

Brief Description: Modifying certain building permit fees.

Sponsors: Representative Senn; by request of Department of Enterprise Services.

Brief History:

Committee Activity:

Local Government: 1/21/15, 2/5/15 [DP];

General Government & Information Technology: 2/13/15, 2/23/15 [DPS].

Brief Summary of Substitute Bill

- Increases the \$4.50 fee imposed by the State Building Code Act on each building permit issued by a county or city to: (1) \$5.50 for each residential building permit; and (2) \$10 for each nonresidential building permit.

HOUSE COMMITTEE ON LOCAL GOVERNMENT

Majority Report: Do pass. Signed by 5 members: Representatives Takko, Chair; Gregerson, Vice Chair; Fitzgibbon, McBride and Peterson.

Minority Report: Do not pass. Signed by 4 members: Representatives Taylor, Ranking Minority Member; Griffey, Assistant Ranking Minority Member; McCaslin and Pike.

Staff: Michaela Murdock (786-7289).

Background:

The State Building Code Council.

The State Building Code Council (Council) consists of 15 members, who are appointed by the Governor and represent, for example, local governments and the building construction profession. The Council's duties include: (1) adopting, amending, and maintaining model

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codes that comprise the State Building Code (SBC); (2) developing and adopting any code related to buildings as required by the Legislature; and (3) proposing a budget for the operation of the Council and submitting it to the Office of Financial Management. The Council may employ permanent and temporary staff and appoint technical advisory committees.

The State Building Code.

The SBC provides statewide minimum performance standards and requirements for construction and construction materials, consistent with accepted standards of engineering, fire, and life safety. The SBC is comprised of model codes, including building, residential, fire, and plumbing codes, adopted by reference in statute, as well as rules developed and adopted by the Council. Counties, cities, and towns are required to enforce the SBC within their jurisdictions.

Building Permit Fee.

The State Building Code Act (Act) imposes a fee of \$4.50 on each building permit issued by a county, city, or town. An additional surcharge of \$2 for each residential unit, not including the first unit, is imposed on each building containing more than one residential unit. Counties, cities, and towns may impose fees different from those set forth in statute, except with respect to agricultural structures.

Counties, cities, and towns are charged with collecting building permit fees and remitting all moneys collected to the State Treasury on a quarterly basis. Remitted funds are deposited into the Building Code Council Account for use by the Council, after appropriation, to perform the purposes of the Council.

The current fee of \$4.50 on each building permit was adopted in 1989 when it was increased from \$1.50 (Chapter 256, Laws of 1989, House Bill 1768).

Summary of Bill:

The Act is amended to increase the amount of the fee imposed on each building permit issued by a county, city, or town. The fee amounts for residential and nonresidential building permits are different. For residential building permits, the fee is increased to \$5.50, and for nonresidential permits, the fee is increased to \$10.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) In addition to adopting and amending building and construction codes, the Council has a number of different groups looking at specialized areas (*e.g.*, requirements for construction of assisted living homes, hospitals, school portables, etc.). The Council plays an important role, ensuring that consistent building codes are adopted across the state, which in turn helps people understand what is required and provides predictability in the building process.

Over the past 10 years, the Council has reduced its staff by half. Without an increase in the building permit fee, the Council will be running at a deficit by the end of the year and will have no staff. The fee increase will allow the Council to continue at its current operating level and avoid having to operate at a deficit.

The Council is entirely funded by the fees; it does not receive any monies from the General Fund. The bill raises the fee for residential construction from \$4.50 to \$5.50, a minimal amount. For nonresidential construction, the fee is increased from \$4.50 to \$10. Under statute, the Legislature is supposed to review the State Treasurer's report on the Council's fund and consider whether the building permit fee needs adjustment, but the fee has not been increased for over 25 years. The State Treasurer's report shows that the fund is declining, and that the Council will operate at a deficit within a year, unless the operating level changes.

(In support with concerns) The Council needs funds to provide a public benefit, and to ensure healthy and safe buildings across the state. Stakeholders have expressed concern about how the money from the increased fee will be spent. Perhaps more discussion about how the money will be spent is needed. Money from the increased fee will only allow the Council to maintain its current operating level. It will not allow the Council to expand or increase its services, which it needs to do in order to respond to emerging technologies. For example, model codes do not address issues relating to marijuana processing; the Council needs to respond to and conduct a technical review of this issue.

(With concerns) The Legislature should properly fund the Council, but it also needs to address other reform measures. Both funding and the other reform issues need to be addressed this year. The role of the Council is much different than it was 20 years ago, and much of its workload is driven by interests that add to the workload, but do not share the costs (*e.g.*, utility companies). Those interested bodies should help pay the costs of the Council.

(Opposed) The building industry is not opposed to a \$1 increase in the permit fee per se; however, there is concern about how the money will be spent. There are concerning issues with the Council's code adoption process (*e.g.*, related to the frequency of updates, notice of technical advisory group meetings, and voting procedures). Also, the Council works on aspirational codes, codes that may be adopted in the future, which is not the best use of the Council's resources. There has not been any stakeholder outreach by the Council since the fee and funding issue was last before the Legislature.

Persons Testifying: (In support) Representative Senn, prime sponsor; and Tim Nogler, State Building Code Council.

(In support with concerns) Kraig Stevenson, International Code Council.

(With concerns) Jim King, Washington State Heating, Ventilation, Air Conditioning, and Refrigeration Association of Washington.

(Opposed) Steve Gano, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: None.

HOUSE COMMITTEE ON GENERAL GOVERNMENT & INFORMATION TECHNOLOGY

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 4 members: Representatives Hudgins, Chair; Senn, Vice Chair; Morris and Takko.

Minority Report: Do not pass. Signed by 3 members: Representatives MacEwen, Ranking Minority Member; Caldier, Assistant Ranking Minority Member; McCabe.

Staff: Meghan Bunch (786-7119).

Summary of Recommendation of Committee On General Government & Information Technology Compared to Recommendation of Committee On Local Government:

The substitute bill increases the fee on each residential and nonresidential building permit every four years by the percentage of inflation as measured by the implicit price deflator published by the United States Department of Commerce.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) This bill has a small fee increase with a huge impact. The Building Code Council (Council) serves an important function. The Council creates statewide standards and consistent codes for all buildings and building components such as plumbing, fire, electric energy, and other building components. The Council listens to, incorporates, and accepts suggestions from communities on building proposals and how to make building codes more cost effective and safe. This bill streamlines the fee so there is a flat fee for both residential and non-residential buildings.

Over time, the Council has changed and is now more complex due to the International Building Code, an increase in stakeholder work, and lean operations. The fee increase would support basic operating costs, improve the process, and provide flexibility. The current fee can buy less in today's market, resulting in fewer staff who are overburdened. The fee increase would help provide either more staff or a possible consultant.

(Opposed) This is a revenue bill with no reform. The Council does independent cost analysis on substantial code amendments and does not have open public meetings or processes. A reform piece attached to the new revenues would help improve Council functions.

Persons Testifying: (In support) Representative Senn, prime sponsor; and Sandra Romero and Tim Nogler, Washington State Building Code Council.

(Opposed) Jan Himebaugh, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: None.