

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4337-01
Bill No.: SB 745
Subject: Construction and Building Codes; Energy; Natural Resources Dept.; Political Subdivisions
Type: Original
Date: March 2, 2010

Bill Summary: Creates a statewide energy code of new building construction and renovation.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$451,595)	(\$543,810)	(\$564,241)
Total Estimated Net Effect on General Revenue Fund	(\$451,595)	(\$543,810)	(\$564,241)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	6	6	6
Total Estimated Net Effect on FTE	6	6	6

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration, Division of Facilities Management, Design and Construction (FMDC)** assume this proposal would have no fiscal effect on their department. FMDC already maintains an energy standard which is as restrictive as ASHRAE 90.1 and IECC.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume there will be no fiscal impact to their agency.

Officials from the **Department of Natural Resources (DNR)** assume to fully implement the provisions of Sections 640.162 to 640.166, the department would require 16 FTEs and related resources as follows, unless specific duties and responsibilities are let for contract support

640.163. 1. and 640.163. 2.

Planner III (1.0 FTE) to research, design and prepare a formal procedural rule to fully implement the provisions of this section. The initial original rule may require up to 12 months to finalize. Future rule changes would be required as national supporting technical standards subject to a revolving 3-year review are modified, amended or deleted with subsequent changes required in state rule within 9 months of national standard actions. This Planner III would also be required to address policy as well as programmatic related issues regarding this section.

640.163. 3

Energy Engineer III (1.0 FTE with significant expertise in building energy code standards, practices and applications would be required to address potential resolution issues between the national energy code and locally adopted standards. Duties and responsibilities would include technical oversight regarding energy building code technical training for local code officials, building inspectors, local fire protection personnel engaged in code related actions/activities, builders and designers; and, to serve as the primary technical coordinator between the department and the Training and Certification Committee created under this section.

640.163. 3 (1) and (2)

Energy Engineer II (4.0 FTE) with technical expertise in building energy code standards, practices and applications would be required to address building technical training and certification requirements, including the design, adoption and administration of adequate technical building energy code training programs for municipal and rural code inspectors addressed by the Training and Certification Committee.

ASSUMPTION (continued)

640.163. 4.

Public Information Officer (1.0 FTE), a media marketing and information specialist, would be required to research, design, prepare and implement a public information campaign directed toward residential home buyers and commercial building owners on the benefits and features of the MUBEC. This work would be on-going and require effective communication and coordination with all building energy code stakeholders and participants under this program.

640.165. 1. and 640.166. 3.

Planner II (1.0 FTE) – (640.165.1) Within 180 days (December 31, 2011) following the final MO Uniform Building code rule (August 28, 2011), all counties and municipalities are required to adopt the MO Uniform Building code. (640.165.3.) Further, the DNR is authorized to collect building energy standards compliance information and data from local government. This Planner II FTE would monitor compliance adoption by all counties and municipalities subject to this section and manage a system to document adoption as well as non-adoption of the code. This FTE, in concert with technical support staff, would work directly with units of local government to fully meet the requirements of the adoption requirements reflected in this section; and, to collect appropriate energy building code related data as needed.

640.166.2

Energy Engineer II (7.0 FTE) and Administrative Office Support (1.0 FTE) – Municipalities where a building permit is not required for new construction or renovation of existing structures, designers and/or builders would be responsible for filing a certification with the department that such building or renovation is in accordance with the MUBEC. Staff would be required to maintain a reporting system to be used by designers and/or builders to file such certification. It is assumed staff would perform on-site inspections of 10% of the projects for which certifications are filed with the DNR. Staff would issue notices of violation, filings for construction work stoppage and potential revocation of occupancy permits, and perform other reporting as needed.

In 2007, 21,525 new housing unit permits were issued by local governments with building code authority in Missouri. As of August 13, 2008, the following units of local government adopted a version of the IECC/Other code:

1. 2006 IECC: Clayton, Wentzville
2. 2004 IECC Supplement: St. Louis
3. 2003 IECC: Eldon, Farmington, Florissant, Gladstone, Hannibal, Hazelwood, Highlandville, Jackson County Public Works, Jefferson County, Kirksville, Kirdwood, Loch Lloyd, Mexico, Neosho, Pineville, Sni Valley FPD, St. Charles, St. Louis County, Troy

ASSUMPTION (continued)

4. 2000 IECC: Cass County, Warrensburg
5. Other local code: Belton, Branson, Columbia, Fenton, Higginsville, Independence, Joplin, Kansas City, Springfield, Knob Noster

It is not known the number of certifications for new construction or renovations of existing buildings that Staff would receive each year. If local governments not currently required to issue building permits must now submit certifications to the DNR to demonstrate compliance with newly adopted building energy codes, the number of certifications received could be significant. For purposes of this fiscal note, it is assumed that 50,000 certifications would be received annually and Staff would conduct on-site inspections of 10 percent to verify compliance:

50,000 certification applications/5,000 on-site inspections completed/3 completed per day per technical staffer = 1,667 days

1,667 days/240 business days/year = 6.94 staff to complete annually

Oversight assumes the Department of Natural Resources could absorb the cost of 10 FTE within their current appropriation level. If multiple initiatives are validated which require similar endeavours at substantial costs, the Department of Natural Resources could request funding through the appropriation process.

This proposal could reduce total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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GENERAL REVENUE

<u>Cost - Department of Natural Resources</u>			
Salaries	(\$244,079)	(\$301,682)	(\$310,733)
Fringe Benefits	(\$127,992)	(\$158,202)	(\$162,948)
Equipment & Expense	<u>(\$79,524)</u>	<u>(\$83,926)</u>	<u>(\$90,560)</u>

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(\$451,595)</u>	<u>(\$543,810)</u>	<u>(\$564,241)</u>
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Estimated Net FTE	6	6	6
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<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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ESTIMATED NET EFFECT ON LOCAL GOVERNMENT	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
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FISCAL IMPACT - Small Business

Residential and commercial businesses including architects, other building designers, construction companies, construction material suppliers, heating and cooling contractors, electricians, plumbers and others would be directly impacted by the bill through potential increase in demand for energy efficiency related services and products to meet the standards of the Missouri Uniform Building code. The increase in demand could result in higher product or service cost/price that would ultimately be transferred to potential commercial or residential building owners/buyers.

FISCAL DESCRIPTION

By August 28, 2011, the Department of Natural Resources must establish the Missouri Uniform Building Energy Code, which are statewide energy standards for building construction and renovation. The standards must conform with the American Society of Heating, Refrigerating and Air-Conditioning Engineers' (ASHRAE) Standard 90.1 and the International Energy Conservation Code (IECC).

DESCRIPTION (continued)

All buildings constructed or renovated in Missouri must comply with the Missouri Uniform Building Energy Code. Local governments must adopt the code within 120 days of its development or within 120 days of any update to the code. Local governments may enact energy requirements that are more stringent than the statewide requirements. Municipalities that issue building permits, or that have building inspectors, are responsible for ensuring compliance with the act. In areas of the state where no building permits are issued, designers and builders must submit a certification to the Department of Natural Resources ensuring compliance with the act and the Department may inspect buildings in those areas. Work may be stopped and occupancy permits may be revoked for buildings not found by the Department to be in compliance with the act.

The Department of Natural Resources must review the Missouri Uniform Building Energy Code within 9 months of any updates to the ASHRAE 90.1 or IECC standards, or at least once every 3 years, and must keep the Missouri Energy Code updated. The Department must also coordinate training on the code requirements for local governments, building inspectors, designers and builders and must conduct public information efforts for residential and commercial users. The Department may charge a fee for its costs to administer the act's provisions.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

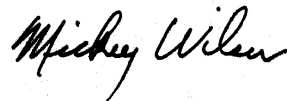
Office of Administration

Division of Facilities Management, Design and Construction

Department of Insurance, Financial Institutions &

Professional Registration

Department of Natural Resources



Mickey Wilson, CPA
Director

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