

3. Finance EBR

DEPARTMENT OF FINANCE ENROLLED BILL REPORT

AMENDMENT DATE: August 8, 2008
RECOMMENDATION: Veto

BILL NUMBER: SB 1473
AUTHOR: R. Calderon

ASSEMBLY: 52/21
SENATE: 22/8

BILL SUMMARY: Building Standards

This bill would create a building permit fee collected by cities and counties to fund the Building Standards Commission (Commission) and other state agencies that develop building standards for development, adoption, publication, updates, and educational efforts associated with green building standards.

FISCAL SUMMARY

The Commission indicates they would need \$296,000 (\$275,000 ongoing) and three positions to conduct statewide training and education regarding green building standards. The Department of Housing and Community Development indicates that they would require \$254,000 in 2008-09 and \$508,000 on-going to fund three positions to support extensive research on green building proposals and model codes, draft amendments, and train local building departments. All costs would be funded by the addition of a new building permit application fee at a rate of \$4 per \$100,000 in valuation. Any request for resources as a result of this bill would be subject to review and approval through the annual budget process.

The Commission estimates that the fee collected by local governments would generate approximately \$2 million annually to be deposited into the Building Standards Administration Special Revolving Fund (established by this bill). Of this amount, local government entities would be authorized to utilize up to 10 percent for any administrative costs associated with collection of the fee. As such, any local government costs resulting from the mandate in this bill would not be state-reimbursable because this bill provides the authority to utilize a portion of the assessed fee to pay for the service mandated by this bill.

COMMENTS

Although this bill intends to codify green building standards and provide a funding source for that activity, Finance recommends veto of this bill because:

- It is not clear why the Commission cannot collaborate with the many state entities under the oversight of the Governor's Green Action Team to develop and codify green building standards within the Commission's resources and the resources already allocated to green building policy.
- Creating a new fee on building permits would increase construction costs at a time when the industry is experiencing an economic downturn.
- The role of agencies is not clear as it directs them "to maintain the programs established under this part." There are no programs established by this bill.
- Even if activities required by this bill are justified, revenues generated by the fee exceed the cost to implement the provisions of this bill.

In the event that the Governor signs this measure, we are also including a signing message that would direct the Commission to evaluate the proposed fee level and recommend any changes that would be needed, including Legislation, to ensure that the fee is set at a more appropriate level to support the costs of the program.

Analyst/Principal (0242) K. Shelton <i>K. Shelton</i>	Date 9/10/08	Program Budget Manager Todd Jerde <i>Nora Martinez</i>	Date 9/10/08
Department Director <i>[Signature]</i>	Date 9/10/08		

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UNAPPROVED BILL REPORT - CONTINUED
AMENDMENT DATE

BILL NUMBER

S. Calderon

August 8, 2008

SB 1000

Existing law defines building standards and establishes the Commission and the process for adopting such building codes. Under the process, specified state agencies (Housing and Community Development, Division of Occupational Health Planning, Division of the State Architect, etc) propose amendments to existing building codes, which the Commission must then adopt, modify, or reject.

This bill would require the Commission to work with other state agencies to develop, adopt, amend, update and publish green building standards, as specified. This bill would also require the Commission to update these standards and support education activities on green building standards after their development. This bill would authorize technical changes to the California Building Standards Code.

State Department Agency or Division	SO			(Fiscal Impact by Fiscal Year)				
	LA	CB	PROP	(Dollars in Thousands)				
	RY	98	FC	2006-2008	FC	2009-2010	FC	2011-2012
Green Building Code	SO	No	C	\$150	C	\$275	C	\$0
Green Building Code	SO	No	C	\$200	C	\$300	C	\$0
Green Building Fee	RY	No	U	\$1,000	U	\$2,000	U	\$2,000

Fund Code Title
000 General Fund
0100 Pending New Special Funds

SUGGESTED VETO MESSAGE

SB 1473

(as amended August 8, 2008)

I am returning Senate Bill No. 1473 without my signature.

This bill would create a building permit fee collected by cities and counties to fund the Building Standards Commission and other state agencies that develop building standards for development, adoption, publication, updates, and educational efforts associated with green building standards. This bill would create a new fee on building permits, which would increase construction costs at a time when the industry is experiencing an economic downturn. Therefore, I am returning this measure without my signature.

SUGGESTED MESSAGE

SB 1473

(as amended August 8, 2008)

I am signing Senate Bill No. 1473 for ongoing development of green building standards and related educational programs and materials because I support California's continued leadership in this area. However, I am directing the Building Standards Commission (Commission) to evaluate the added building permit fee at a rate of \$4 per \$100,000 in valuation. The Commission shall recommend any changes that would be needed, including Legislation, to ensure that the fee is set at a more appropriate level to support the costs of the program.