

Fiscal Note

2023-2024 Legislative Session

SF4203 - 1A - Municipality Exemption Removed State Building Code

Chief Author: **Nicole Mitchell**
 Committee: **Labor**
 Date Completed: **3/20/2024 11:52:02 AM**
 Agency: **Labor and Industry Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings	X	
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027
Construction Code	-	-	-	-	-
Total	-	-	-	-	-
Biennial Total			-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2023	FY2024	FY2025	FY2026	FY2027
Construction Code	-	-	-	-	-
Total	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Karl Palm **Date:** 3/20/2024 11:52:02 AM
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State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2		Biennium			Biennium	
Dollars in Thousands	FY2023	FY2024	FY2025	FY2026	FY2027	
Construction Code	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Construction Code	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Construction Code	-	-	-	-	-	-
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill would require municipalities with populations of 2,500 or more persons to adopt, administer, and enforce the State Building Code by 2030.

Assumptions

There are currently 20 counties out of the 87 total Minnesota counties where the building code is currently required to be enforced. It is assumed the remaining 67 counties would be largely responsible for adopting and enforcing the State Building Code county wide, including for any municipality with populations of less than 2,500 persons.

Currently there are approximately 1.22 million Minnesotans living in areas without State Building Code enforcement, or about 21% of the state’s population, mostly in more remote areas.

Because of the bill’s implementation date of 2030, DLI assumes there will be no revenues or expenses related to this bill until FY2030.

Expenditure and/or Revenue Formula

Long-Term Fiscal Considerations

Starting in SFY 2030, DLI would begin receiving surcharge revenues (MS 326B.148) imposed on all building permits issued by municipalities. Surcharge revenues starting in SFY2030 would be utilized by DLI to provide administration of the state building code, per statute. More specifically, reasonable uses of surcharge revenues are provided to DLI’s construction code services unit and DLI’s construction code education unit. The code services unit provides resources to municipalities in their administration and their enforcement of the building code. The education unit provides both credentialed and informal educational opportunities to municipal building officials (BO), BO limited, and inspection staff. Training opportunities are also available to industry designers, construction contractors, and the general public, which would be expanded statewide with this bill.

Local Fiscal Impact

This bill would require municipalities with populations of 2,500 or more persons to adopt, administer, and enforce the State Building Code by 2030. The bill as proposed will not supplant existing municipal inspections programs. It will institute new inspections programs where they currently don't exist. Costs of inspection programs will vary based on size of municipality. Cost and staffing such programs have been barriers for some municipalities in the past.

References/Sources

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Date: 3/18/2024 9:15:44 AM

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