



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 782

PRINTERS NO. 3928

PRIME SPONSOR: Heffley

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
Municipal Funds	See "Fiscal Impact"	See "Fiscal Impact"

SUMMARY: Amends the PA Construction Code Act providing for alternative third-party agencies in municipalities which have one third-party agency exclusively enforcing the Uniform Construction Code (UCC) and provides for the formation of municipal boards of appeals. This legislation would take effect in 60 days.

ANALYSIS: Amends the PA Construction Code Act (Act 45 of 1999) to allow building permit applicants to use a third-party agency of their choice in municipalities which have one third-party agency exclusively enforcing the Uniform Construction Code (UCC); provided, that the alternative third-party agency remits a surcharge to the municipality. The legislation also provides for the formation of municipal boards of appeals.

Option to Utilize Alternative Third-Party Agency: This legislation amends Section 501 ("Administration and Enforcement") of the act to allow permit applicants, in a municipality which has designated one third-party agency for exclusive enforcement of Uniform Construction Code (UCC), to use a third-party agency of their choosing if the alternative third-party agency remits a surcharge to the municipality.

Surcharge Amount: The legislation gives the municipality the ability to establish the surcharge amount, via ordinance, as a percentage of up to 10% of the total fee charged by the alternative third-party agency. If no ordinance is enacted, the surcharge amount is one percent.

Notification Requirements: The legislation requires that the permit applicant notify the municipality and the exclusive third-party agency of its intent to utilize an alternative third-party agency; notification shall provide the name of the third-party agency and appropriate contact information for the agency.

Before commencing work on the project, the alternative third-party agency must notify the municipality and its exclusive third-party agency that it is performing code enforcement services on a project. The alternative third-party agency must provide, on the date of issuance, a copy of the building permit issued for the project and approved plans, to the municipality and its exclusive third-party agency.

Use of Alternative Third-Party Agency by Applicant: The legislation requires that a permit applicant utilize the services of the alternative third-party agency they select for the duration of a project.

Issuance of Certificate of Occupancy/Forwarding of Surcharge: The alternative third-party agency must forward to the municipality and its exclusive third-party agency, on the date of issuance, the following:

- 1) The final inspection report.
- 2) A summary of fees charged to the applicant.
- 3) Payment of the required surcharge.
- 4) The \$4 permit surcharge required by the act.
- 5) Any additional information requested by the municipality.

The municipality may prohibit an alternative third-party agency from operating in its jurisdiction if it fails to comply with the above provisions. In addition, the municipality may notify the Department of Labor and Industry (L&I) of such failure and L&I must conduct an investigation. L&I may consider an intentional failure to forward a certificate of occupancy/surcharge as just cause for decertification.

Applicability of Legislation to Current Exclusive Enforcement Contracts: A contract between a municipality and a third-party agency for exclusive enforcement of the UCC, that existed prior to the effective date of the legislation, shall remain in effect, and the provisions of the legislation will take effect upon expiration of the contract.

Board of Appeals Formation: The legislation also amends section 501(c) of the act to change how a municipal board of appeals is formed by removing the reference to the 1999 Building Officials and Code Administrators International, Inc. National Building Code (BOCA) in favor of regulations by L&I.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth funds. The legislation would result in some additional revenue from surcharges for those municipalities where alternative third-party agencies are chosen to inspect a project. Any estimate of that surcharge revenue is impossible as it would depend on the number of alternative third party agencies chosen, the surcharge rate and the total fees charged.

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House Appropriations Committee (R)

DATE: September 26, 2016

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.