

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2842H.011
 Bill No.: HB 1309
 Subject: Political Subdivisions; Construction and Building Codes; Cities, Towns, and Villages; Counties; Fees
 Type: Original
 Date: March 3, 2025

Bill Summary: This proposal establishes the "Building Permit Reform Act".

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
Total Estimated Net Effect on General Revenue	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)

***Oversight** assumes the potential cost of the proposal to the state would not reach the \$250,000 threshold.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

§67.488 – Building Permit Reform Act

In response to similar legislation from 2024, Perfected HB 2282, officials from the **Office of Administration - Budget and Planning (B&P)** assumed §67.488 requires the state or any of its political subdivisions to provide free of charge in digital or physical format a copy of any third-party standard or code subject to copyright protection. This obligates the state to provide the standard or code unless the state repeals the mandate or declares it will not be enforced until repealed. Given the broad and encompassing definition of “any political subdivision”, this proposal obligates the state to provide standard and code materials every time it or any community, institution, or entity in the state sets forth a regulation pursuant to a third-party standard or code.

Given that the extent of adoption of these standards and codes is unknown and the incorporation of the standard or code by reference may involve publishing in statute or regulation, the estimated impact of this Subsection 12 language would be \$0 to Unknown.

Oversight does not have information to the contrary and therefore, Oversight will reflect the potential impact as presented by the B&P.

Officials from the **City of Kansas City** assume this proposal could have a negative fiscal impact in an indeterminate amount in lost permit fees.

In response to similar legislation from 2023, HCS for HB 625, officials from the **City of O’Fallon** and the **City of Springfield** each assumed the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary.

Oversight assumes this proposal establishes the Building Permit Reform Act and prohibits a political subdivision from requiring an exempt homeowner to obtain a license, certification, or professional registration or be tested as a condition of applying for a building permit if all work is done by the owner. The proposal also states if the property is transferred by the owner within one year of completing any work, the political subdivision may assess the homeowner with a one-time administration fee not to exceed \$5,000.

Oversight is unclear how many homeowners fall into the category as an “Exempt Homeowner” or how many building permits are issued by local political subdivisions (LPS) on a yearly basis. Oversight assumes there could be a loss in revenues to LPS for building permits with this proposal and therefore will reflect a \$0 to unknown loss of revenue for this proposal. Oversight also assumes there could be additional administrative fee revenues if the property is transferred by the owner within one year of completing any work but possibly would be minimal. Therefore,

Oversight will also reflect a \$0 or unknown Income for administration fees to locals for this proposal.

Officials from the **Department of Economic Development**, the **Office of the State Courts Administrator**, the **Department of Health and Senior Services**, the **Department of Natural Resources**, the **Department of Labor and Industrial Relations**, the **Department of Public Safety’s Office of the Director** and the **Joint Committee on Administrative Rules** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to similar legislation from 2024, Perfected HB 2282, officials from the **Office of Administration** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
GENERAL REVENUE			
<u>Costs</u> – State agencies - providing standard and code materials of third parties subject to copyright protection §67.488	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>	<u>\$0 to (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
LOCAL POLITICAL SUBDIVISIONS			
<u>Loss</u> – of revenues from building permits issued to exempt homeowners §67.488	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Loss</u> – of revenues from permit fees if political subdivisions must return 50% of a permit amount from failing to inspect within 10 days §67.488.5	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Revenue</u> – potential one-time administration fee if the ownership of the property is transferred within one year §67.488.3(2)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

FISCAL IMPACT – Small Business

There could be a direct fiscal impact to small businesses who are exempt homeowners and run a home business as a result of this proposal.

FISCAL DESCRIPTION

This bill establishes the "Building Permit Reform Act".

The bill prohibits a political subdivision from requiring an exempt homeowner, as defined in the bill, to obtain any license, certification, or professional registration or be tested as a condition of applying for a building permit if all work is done by the owner or other current resident.

If the property is transferred by the owner within one year of completing any work, the political subdivision can assess the homeowner a one-time administrative fee not to exceed \$5,000. This is not to be construed to prohibit the enforcement of applicable building codes otherwise required by law. Certain instances to which these provisions do not apply are specified in the bill.

Certain activities for which the political subdivision cannot require an exempt homeowner to get a permit, license, variance, or other prior approval are described in the bill.

A permit inspection not made within 10 business days of an exempt homeowner request will result in 50% of the permit charges being refunded. If not made within 20 business days, the inspection will be waived and the exempt homeowner can proceed as if the property has passed the inspection.

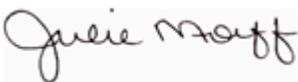
Provided the permit is not allowed to expire prior to renewal, an exempt homeowner will not be charged a fee to extend or renew a permit, no matter how many times it is renewed, unless the work is visible from the neighboring properties or adjacent streets. A political subdivision can require a job site with uncompleted work to be maintained in a state that does not pose an imminent threat to public health or safety.

No exempt homeowner will be assessed a fine or fee for unpermitted work in an amount greater than double what would have been charged if a permit had been issued at the time it was discovered. No exempt homeowner will be required to undo work that has been done without a permit unless the political subdivision can prove by photographic or similar objective evidence that the work performed did not meet code or safety standards.

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 - Budget and Planning
Department of Economic Development
Department of Labor and Industrial Relations
Office of Administration
Joint Committee on Administrative Rules
Office of the State Courts Administrator
City of O'Fallon
City of Springfield
Kansas City
Department of Health and Senior Services
Department of Natural Resources
Department of Public Safety - Office of the Director



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March 3, 2025



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