

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4938H.02I  
 Bill No.: HB 2282  
 Subject: Political Subdivisions; Licenses - Miscellaneous; Business and Commerce  
 Type: Original  
 Date: January 29, 2024

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue*	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>	<b>\$0 to (Unknown)</b>

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

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
<b>Local Government</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>	<b>Unknown to (Unknown)</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### §67.488 – Building Permit Reform Act

Officials from the **Office of Administration - Budget and Planning (B&P)** assume §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state to provide the standard or code unless the state repeals the mandate or declares it will not be enforced until repealed.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**, the **Office of Administration** 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.

**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 2025 (10 Mo.)	FY 2026	FY 2027
<b>GENERAL REVENUE</b>			
<u>Costs</u> – State agencies - providing standard and code materials of third parties subject to copyright protection §67.488	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>	<u>\$0 to</u> <u>(Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Loss</u> – of revenues from building permits issued to exempt homeowners §67.488	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
<u>Costs</u> – political subdivisions must return 50% of permit amount if fail 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
<b>ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>	<b><u>Unknown to (Unknown)</u></b>

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". "Exempt homeowner" is defined for purposes of this section as a resident, noncorporate owner of a detached, single-family residence.

The bill 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. 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. Applicable building codes or inspections required by law are not prohibited. The owner can hire a contractor. Certain instances to which these provisions do not apply are specified in the bill.

Certain activities for which the political subdivision can not require an exempt homeowner to get a permit, license, variance, or other prior approval are detailed 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 inspection were passed.

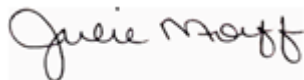
Provided the permit is not allowed to expire prior to renewal, an exempt homeowner will not be charged a fee to extend or renew a permit, no matter how many times it is renewed, unless the work is visible from the neighboring properties or adjacent streets. A political subdivision may require a job site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

No exempt homeowner will be assessed a fine or fee for unpermitted work in an amount greater than double of 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.

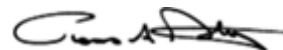
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### 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



Julie Morff  
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January 29, 2024



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January 29, 2024