

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2760

STATE OF NEW JERSEY
220th LEGISLATURE

DATED: NOVEMBER 7, 2022

SUMMARY

- Synopsis:** Concerns structural integrity regulations for certain residential buildings.
- Type of Impact:** Increase in annual State and local expenditures; increase in annual State and local revenue.
- Agencies Affected:** Department of Community Affairs; local code enforcing agencies

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate
Local Cost Increase	Indeterminate
Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) concludes that the bill will result in an indeterminate increase in annual costs to State and local code enforcing agencies, including the Department of Community Affairs, associated with conducting structural inspections of covered buildings, and with administrative costs related to establishing inspection schedules and receiving inspection plans and documents.
- The bill is also expected to result in an indeterminate increase in annual revenue to State and local code enforcing agencies associated with the collection of a fee to be paid by a covered building owner during the construction application process. The fee is required to offset certain additional costs incurred by the code enforcing agencies resulting from the bill.

BILL DESCRIPTION

This bill would supplement the State Uniform Construction Code Act to require that a structural inspector review the construction plans submitted with a construction application for

certain residential buildings categorized as use group R-1 or use group R-2 by regulation, set forth an inspection schedule to confirm that the primary load bearing system conforms to the building plans, and issue a written report which determines whether the primary load bearing system conforms to the building plans. A certificate of occupancy would not be issued under this bill until the structural inspector's report confirms that the construction of the primary load bearing system of the building is in conformance with the approved construction plans. Similarly, this bill would preclude the issuance of a certificate of occupancy until any necessary repairs, renovations, alterations, or modifications to the structural components of a covered building are made pursuant to the inspector's report. Any additional cost to the enforcing agency incurred as a result of certain inspections required under this bill are to be recovered through a fee associated with the construction application.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the bill will result in an indeterminate increase in annual costs to State and local code enforcing agencies, including the Department of Community Affairs, which enforces the State Uniform Construction Code in 45 municipalities in the State, associated with conducting structural inspections of covered buildings, and with administrative costs related to establishing inspection schedules and receiving inspection plans and documents. However, this increase will be partially offset by the collection of a fee pursuant to the bill.

The bill provides that a structural inspector may be a construction official appointed by a municipality who is also an engineer licensed by the State, an employee of the Bureau of Housing Inspection in the Department of community Affairs who is also an engineer licensed by the State, or an engineer licensed by the State with whom the covered building owner contracts to perform structural inspections of a covered building. The bill requires structural inspectors to review construction plans which propose to create, amend, or modify the primary load bearing system of a covered building, participate in setting forth a pre-occupancy inspection schedule for a covered building, oversee and conduct inspections as set forth in a pre-occupancy inspection schedule and post-occupancy inspections, complete written inspection reports, and determine when subsequent structural inspections should take place.

The Bureau of Housing Inspection and local code enforcing agencies may experience increased costs to the extent that additional engineers licensed by the State need to be hired or appointed to serve as structural inspectors to carry out the provisions of the bill and to the extent that current employees' working hours or pay increase as a result of the requirements of the bill. The OLS is unable to predict the number of covered buildings for which a construction application will be received following the effective date of the bill and is unable to estimate the number of covered buildings that have already received a certificate of occupancy in the State. The OLS notes, however, that covered buildings include, but are not limited to, hotels, motels, dormitories, and multiple family dwellings with more than two dwelling units. The OLS is also unable to predict the extent to which owners of covered buildings will choose to contract with a privately employed structural inspector to conduct the structural inspections under the bill and is therefore unable to

predict the demand for structural inspectors employed by the State or local code enforcing agencies.

The bill is also expected to result in an indeterminate increase in revenue to State and local code enforcing agencies associated with the collection of a fee paid by a covered building owner during the construction application process. The fee is required to offset the costs incurred by an enforcing agency as a result of certain pre-occupancy inspections set forth by an inspection schedule pursuant to the bill. The OLS is unable to estimate the amount to be collected as the Department of Community Affairs is tasked with adopting rules and regulations to effectuate the purposes of the section of the bill which contains this requirement, which rules and regulations would be expected to include the amount of the fee to be collected for each construction application submitted by a covered building owner.

The OLS notes that the bill does not provide for cost offsetting for post-occupancy inspections required by the bill. However, the bill does provide that post-occupancy inspections can be conducted in conjunction with other required inspections, such as those inspections required pursuant to the Hotel and Multiple Dwelling Law, which may result in costs to the Bureau of Housing Inspection in the Department of Community Affairs and local code enforcing agencies that are lower than would otherwise be expected.

Section: Local Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).