

# Legislative Analysis



## BUILDING INSPECTOR FEES

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**House Bill 4848 (Substitute H-3)**

**Sponsor: Rep. Bert Johnson**

**Committee: Appropriations**

**Complete to 12-5-08**

### A SUMMARY OF HOUSE BILL 4848 AS PASSED BY THE HOUSE 12-4-08

The bill would amend the Building Officials and Inspectors Registration Act, 1986 PA 54, MCL 338.2313, to increase the registration fee for building officials, inspectors, and plan reviewers from \$10 per year (on a three-year cycle) to \$25 per year (on a three-year cycle). The current renewal cycle expires in mid-September 2009. The fee has not been adjusted since enactment of the act in 1986.

The bill further provides that the fees would be subject to periodic adjustment (increase or decrease) by the Department of Labor and Economic Growth, based on annual percentage changes in the salaries and wages of the department's classified workforce. Each year, the department would calculate that percentage increase and multiply that amount by the amount of each fee established in the bill. If the cumulative amount calculated equates to an increase of at least 10% for the fee assessed since the most recent fee increase, the fee would increase by that amount. If the cumulative amount is less than 10% the fee would not increase. For example, if the classified salaries and wages increase by 2% for five consecutive years, the cumulative increase in salaries and wages after five years would be 10.0%. (This cumulative amount is just a straight summation of the percentage increases, rather than compounding the increases. For example, if the increases were compounded, the cumulative increase after the fifth year would be 10.4%) The fees under the bill would increase by 10.0% in that fifth year. In prior years, there would be not a fee increase. The chart below provides an example for the registration fee under the bill (\$25):

	S&W Increase	Cumulative Increase	Fee x Cumulative Increase	Actual Fee
Year 1	2.0%	2.0%	\$25.50	\$25.00
Year 2	2.0%	4.0%	\$26.00	\$25.00
Year 3	2.0%	6.0%	\$26.50	\$25.00
Year 4	2.0%	8.0%	\$27.00	\$25.00
Year 5	2.0%	10.0%	\$27.50	\$27.50

The bill provides that the department would have to notify the State Budget Office, the Legislature, and the legislative fiscal agencies of the fee schedule under the act, the amounts amount calculated, and the amount of the fee increase, if any. The legislature would have 90 days to adopt a resolution rejecting the fee increase.

MCL 338.2313

**FISCAL IMPACT:**

The bill would increase Construction Code Fund revenue by approximately \$205,000 in Fiscal Year 2008-09, and by \$15,000 in Fiscal Year 2009-10.

Fiscal Analyst: Mark Wolf

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