

Senate Fiscal Agency
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SFA**BILL ANALYSIS**

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House Bill 5654 (Substitute S-4 as reported)
Sponsor: Representative George Mans
House Committee: Labor and Occupational Safety
Senate Committee: Human Resources, Labor and Veterans Affairs

CONTENT

The bill would amend the State Construction Code Act to require that all plans and specifications for school buildings be submitted to the Department of Consumer and Industry Services (DCIS); require the plans to be approved under the Fire Prevention Code; provide that the DCIS Director would be responsible for the administration and enforcement of the Act and the Code in each school building; require an architect or engineer to prepare school building construction plans and supervise the construction; and repeal Public Act 306 of 1937, which currently governs the construction, reconstruction, and remodeling of school buildings. A school district that complied with the bill's provisions would be exempt from Public Act 166 of 1965, which requires prevailing wages and fringe benefits on State projects.

MCL 125.1502 et. al

Legislative Analyst: L. Arasim

FISCAL IMPACT

State. This bill would expand the responsibilities of the DCIS, Bureau of Construction Codes, to include all electrical, mechanical, plumbing and structural inspections, plan reviews, and permitting for any construction on school buildings statewide. Currently, the DCIS conducts approximately 60% of the school building electrical inspections statewide (none in any of the metropolitan areas), 30% of the plumbing inspections, 40% of the mechanical inspections, and none of the structural inspections on school buildings. Since school construction and renovation are primarily limited to the summer months, the DCIS could meet the additional responsibilities with limited term staff for which it estimates a \$600,000 increase in the spending authority in the Construction Code Flexibility line item would be necessary to fund the additional staff needed to conduct these added inspections. The associated costs would be offset by the additional restricted revenue that would be generated from the fees charged for conducting these inspections so no General Fund dollars would be needed to fund this program.

Local. There would be a fiscal impact on local school districts planning new construction projects, as they would incur the additional cost of a structural plan review, inspection, and permit process. The average costs of inspections and permits for a one-story high school building are estimated at nearly \$26,000. Either these costs would be paid out of a district's general operations revenues or the district could pay for these costs from the revenue of bond sales. In either case, it would be the district's responsibility to pay for these costs. In addition, school districts could realize a cost savings if the wages they paid for the project were less than the prevailing wages. The actual cost savings would depend on the amount of the actual wages compared with the prevailing wages.

Date Completed: 12-7-98

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