

# Legislative Analysis



## CONSTRUCTION PERMITS AND CERTIFICATE OF NEED FEES

Mitchell Bean, Director  
Phone: (517) 373-8080  
<http://www.house.mi.gov/hfa>

**Senate Bill 576 (H-4 Substitute)**  
**Sponsor: Sen. Emerson**  
**Committee: House Appropriations**  
**Analysis: November 29, 2004**

### ***BRIEF SUMMARY:***

Senate Bill 576 (H-4 Substitute) would amend the Public Health Code to increase fees for reviewing construction permits, certificate of need (CON) applications, and CON projects requiring capital expenditures. The bill would also require that licensure fees for health facilities, health agencies, and CON support the total cost of licensure activities rather than limiting the fee support to no more than half of the annual cost. Below, the table provides detail on the proposed fee changes.

	<b>Current Fee</b>	<b>Proposed Fee</b>
Construction Permit Opening Surveys Fees	.5% of the first \$1 million in capital expenditure and .85% of any amount over \$1 million, not to exceed \$30,000 per project	.5% of the first \$1 million in capital expenditure and .85% of any amount over \$1 million, not to exceed \$60,000 per project
Base Fee For CON application	\$750 per application	\$1,500 per application
CON Projects Requiring Capital Expenditures	Capital expenditure of more than \$150,000 but less than \$1.5 million, an additional fee of \$2,000 added to base fee; Capital expenditure of \$1.5 million or more, an additional fee of \$3,500 added to base fee	Capital expenditure of more than \$500,000 but less than \$4.0 million, an additional fee of \$4,000 added to base fee; Capital expenditure of \$4 million or more, an additional fee of \$7,000 added to base fee

### ***FISCAL IMPACT:***

Increasing the fees received from reviewing construction permits, CON applications, and CON projects requiring capital expenditures will result in an additional \$1.1 million in net revenue to the state. In Fiscal Year 2003-04, the state realized an estimated \$2.3 million in net revenue from these fees. In Fiscal Year 2004-05, \$987,000 in CON fees has been authorized to support the CON Program Administration and Departmental Administration and Management line items within the Department of Community Health budget.

Fiscal Analyst: Margaret Alston

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