

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: House Bill 349 (First Edition)

SHORT TITLE: Promote Green Roofs on Buildings.

SPONSOR(S): Representatives Harrison, Cotham, K. Alexander, and Goodman

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES	* No State Impact – Minimal Local Revenue Loss*				
EXPENDITURES	\$15,000	\$5,668	\$5,664	\$5,636	\$5,637
	Potential Reduction in Local Stormwater Management Costs				
POSITIONS (cumulative):	0	0	0	0	0
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Department of Revenue; NC Local Governments; NC Department of Insurance					
EFFECTIVE DATE: July 1, 2011					

BILL SUMMARY:

House Bill 349 amends G.S. 153A-277(a1), 160A-314(a1), and 162A-9 to authorize cities, counties, and water and sewer authorities to provide customers with credits against stormwater fees if the property has a green roof (as defined in amended G.S. 143-138). The provisions define how to calculate the credit and place an upper limit on the amount of the credit. The bill also enacts new G.S. 105-277.18 to the tax code to define the term “green roof” (definitions identical) and provide that qualifying green roof improvements are considered a special class of property under Article V, Sec. 2(2), of the NC Constitution. Owners of property with qualifying green roof improvements are entitled to a partial exclusion of 10% of the improvement’s appraised value during the first five taxable years after the completion of the improvement. The bill amends G.S. 143-138 to define the term “green roof” and direct the Building Code Council to include provisions in the Building Code pertaining to green roof technologies. H.B. 349 enacts new G.S.

153A-327 directing urban counties (those that rank in the top 10 for population) to adopt guidelines addressing installation of green roofs (as defined in amended G.S. 143-138). This bill is effective July 1, 2011, and tax code changes apply to improvements made on or after that date.

Source: Bill Digest 3/15/2011

BACKGROUND

The North Carolina Building Code Council (BCC) is a Board consisting of 17 members appointed by the Governor as authorized by G. S. 143-136. Housed within the North Carolina Department of Insurance (DOI), the BCC adopts and amends State Building Codes as authorized by G.S. 143-138. The BCC is comprised of eight committees with an average of six to seven members appointed to each committee. DOI has at least one staff member assigned to each committee.

ASSUMPTIONS AND METHODOLOGY:

Local Governments

Stormwater fees are assessed at the local level. The credits against stormwater fees outlined in House Bill 349 will reduce local revenues to the extent that local governments opt to provide reductions in stormwater fees and/or the amount that taxpayers qualify for the partial property tax exclusion. There will also likely be a corresponding decrease in local expenditures to the extent that green roofs result in lower stormwater management costs. Because green roof technology is relatively new, comparative data is not yet available to calculate the anticipated amount of revenue loss; however, Fiscal Research anticipates it will be minimal.

State Expenditures

Section 5 of House Bill 349 directs the BCC to include provisions in the State Building Code pertinent to green roof technologies. DOI anticipates that no new staff will be needed to meet the requirements of this bill, but that additional attendance will be required at training seminars in order to keep DOI updated about the best practices and regulations pertaining to green roof technologies. DOI anticipates that it will need to send an attendee to at least two seminars each year, and estimates the annual cost at \$1,000 (\$200 registration fee per seminar, plus \$300 for out-of-state travel per seminar). The State Building Code is updated each year to reflect best practices and to address ongoing problems; therefore, DOI expects the cost of the seminars to be recurring.

DOI expects the BCC committees to hold a total of four meetings to develop the changes to the State Building Code required by House Bill 349. DOI estimates that seven committee members would attend each meeting for a total cost of \$9,500 (\$340 per meeting per committee member). This cost includes in-state travel, lodging, meals and a flat rate per diem of \$7 per qualified committee member. This cost would be non-recurring because the BCC committees would be able to incorporate any new regulations and best practices into the State Building Code during the regularly scheduled committee meetings.

DOI also expects that House Bill 349 will require DOI to provide training to architects, engineers, and builders on resultant changes to the Building Code. DOI anticipates that it will authorize one

employee to provide three regional training sessions per year at a total cost of \$1,500 (\$500 per training session for travel, lodging and meals). DOI estimates the cost of materials for the training sessions to be \$2,500. In order to inform the public of the changes in the State Building Code, DOI expects the cost of these training sessions to be recurring. Lastly, DOI expects to purchase green technology design guides for its staff each year and estimates the cost to be \$500.

In total, DOI estimates that House Bill 349 will cost \$15,000 in FY 2011-12. Fiscal Research concurs with this estimate based on actual expenses for similar changes to the State Building Code. Table 1 below provides a breakdown of this cost. The recurring cost of House Bill 349 will increase based on inflation in future years.

Table 1. Estimated Cost to Administer HB 349 in FY 2011-12	
Description	Estimated Cost
Registration Fee for Seminars & Related Travel	\$1,000 R
Travel & Accommodations for BCC Meetings	\$9,500 NR
Travel & Accommodations for 3 DOI-Provided Training Sessions	\$1,500 R
Materials for DOI-Provided Training Sessions	\$2,500 R
Green Technology Design Guides for DOI Staff	\$500 R
TOTAL COST	\$15,000

SOURCES OF DATA: NC Solar Center; NC Department of Insurance

TECHNICAL CONSIDERATIONS: None

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