

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-2620/2	Introduction Number AB-1165
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Description
 The licensing and regulation of thermal system insulation and fire-stop product mechanics and contractors, creating a thermal system insulation and fire-stop council, requiring the employment of a state inspector, standards for installing, removing, and maintaining thermal system insulation and fire-stop products, requiring the exercise of rule-making authority, and providing a penalty

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Indeterminate	<input checked="" type="checkbox"/> Increase Existing Appropriations	<input type="checkbox"/> Decrease Existing Appropriations	<input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<input type="checkbox"/> Decrease Costs
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Local:

<input type="checkbox"/> No Local Government Costs	<input type="checkbox"/> Indeterminate	1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory		5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By COMM/ Debra Bresser (608) 266-8603	Authorized Signature Louie Cornelius (608) 266-8629	Date 4/21/2006
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Fiscal Estimate Narratives

COMM 4/24/2006

LRB Number	05-2620/2	Introduction Number	AB-1165	Estimate Type	Original
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Assumptions Used in Arriving at Fiscal Estimate

2005 AB 1165 would implement requirements regarding thermal system insulation and fire-stop products in commercial and multi-family dwellings. These products are utilized in building construction for the purpose of energy conservation and fire protection. The specific requirements of this legislation include:

1. Licensing of contractors that install, remove or maintain thermal system insulation and fire stop products. License period would be for one year and include exam, apprenticeship, and continuing education requirements.
2. Employment by the Department of an inspector to inspect compliance with thermal system insulation and fire-stopping standards and keep records regarding all inspected buildings. Inspector would be under direct supervision of the Department Secretary.
3. Promulgation of rules regarding the installation, removal, and maintenance of thermal system insulation and fire stop products.
4. Institute a council to advise the department on the requirements of this legislation.

Currently, the Department administers the commercial building code, which includes standards regarding thermal system insulation and fire-stop products. The Department currently inspects construction projects for compliance with the commercial building code, including thermal system insulation and fire-stop product standards. The Department does not issue licenses related to thermal system insulation and fire stop products. Currently, individuals in a variety of trades install thermal system insulation and fire-stop products, some of them do this exclusively, while others do it as part of other trade work (e.g., plumbers, electricians, heating and cooling contractors, and general contractors).

2005 AB 1165 would require the licensing of thermal system insulation and fire stop product mechanics (i.e., individuals who install, remove, or maintain such products) and contractors. The legislation indicates that thermal system insulation does not include insulation products used in the walls of a home or building. However, the legislation does not exclude insulation products used in ceilings and floors. Individuals may install, remove, or maintain these products only if they are under the direct supervision of a licensed product mechanic. The licenses must be issued annually. The Department estimates there would be 100,000 mechanic licenses issued annually and at least 10,000 contractor licenses issued annually. The Department estimates that 9.0 FTE positions at an annual cost of \$440,100 would be needed to implement the licensing provisions contained in 2005 AB 1165 (based on an estimated 8 minutes per transaction).

2005 AB 1165 would require the inspection of commercial buildings and multi-family dwellings for compliance with thermal system insulation and fire stop product requirements. The language of the bill would require the inspection of these buildings in municipalities that are currently delegated to perform inspection of commercial and multi-family dwellings for compliance with applicable codes (per s. 101.12, Stats.). The Department estimates that 12,000 buildings would need to be inspected annually per the provisions of 2005 AB 1165. The legislation indicates the Department shall employ "a person" for these inspections. However, 7.0 FTE inspector positions would be needed to conduct all of the required inspections. The annual cost of a 1.0 FTE inspector position would be \$72,100 (based on an estimated 1 hour for each of the 12,000 inspections). Although 2005 AB 1165 provides 1.0 FTE GPR position authority, no associated spending authority is provided.

The Department estimates that licensing revenue received would equal the costs of the program. However, such revenue would be program revenue deposited to s. 20.143 (3) (j), while the position authority contained in 2005 AB 1165 is GPR.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$415,700	0	
(FTE Position Changes)	(10.0 FTE)	(0.0 FTE)	
State Operations - Other Costs	96,500	0	
Local Assistance	0	0	
Aids to Individuals or Organizations	0	0	
TOTAL State Costs by Category	\$512,200	\$0	
B. State Costs by Source of Funds			
GPR	0	0	
FED	0	0	
PRO/PRS (PRO)	512,200	0	
SEG/SEG-S	0	0	
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
	Increased Rev	Decreased Rev	
GPR Taxes	\$0	\$0	
GPR Earned	0	0	
FED	0	0	
PRO/PRS (PRO)	512,200	0	
SEG/SEG-S	0	0	
TOTAL State Revenues	\$512,200	\$0	
NET ANNUALIZED FISCAL IMPACT			
	State	Local	
NET CHANGE IN COSTS	\$512,200	\$0	
NET CHANGE IN REVENUE	\$512,200	\$0	
Agency/Prepared By		Authorized Signature	Date
COMM/ Debra Bresser (608) 266-8603		Louie Cornelius (608) 266-8629	4/21/2006