



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

February 1, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 197/Senate Bill 186: Changes to Building Plan Scheduling

2023 Assembly Bill 197 and Senate Bill 186, hereafter referred to as "the bill," would make changes to the processes of the Department of Safety and Professional Services (DSPS) for scheduling plan examinations for commercial buildings, and to the plumbing plan review process. The bill was developed by the Legislative Council Study Committee on the Commercial Building Permitting Process, which convened in 2022 and recommended several bills for the 2023-24 session of the Legislature.

Assembly Bill 197 was introduced by the Joint Legislative Council on April 20, 2023, and referred to the Committee on Housing and Real Estate. A public hearing was held on January 9, 2024, and on January 24, 2024, the Committee on Housing and Real Estate recommended passage of the bill by a vote of 10 to 5. On January 30, 2024, the bill was referred to the Joint Committee on Finance.

Senate Bill 186 was introduced on April 3, 2023, and referred to the Committee on Government Operations, Elections and Consumer Protection. A public hearing was held on December 19, 2023. The Committee on Government Operations, Elections and Consumer Protection recommended passage of the bill on January 11, 2024, by a vote of 3 to 2. The bill was passed by the Senate on January 16, 2024, by a voice vote.

BACKGROUND AND CURRENT LAW

Commercial Building Plan Review

Chapter 101 of the statutes directs DSPS to regulate and enforce safe standards for the construction, alteration, and addition to public buildings. The review and examination of building plans and plumbing plans is an integral part of this regulatory process. Administrative code Chapter SPS 361 generally prohibits construction or alteration of buildings from commencing until plans have been approved by the Department or its authorized representatives, with limited allowances for

projects to proceed with construction of foundations and footings at the owner's risk that conditional approval is not guaranteed. As a result, the process of scheduling these plan reviews and examinations can influence a project's timely review and approval.

DSPS reports that in 2019 and 2020, the Department met with stakeholders and legislators during which it was suggested that plan review should occur in 30 business days to align with construction industry practices. The Department indicates that changes to permitting processing begun in 2020 included: (a) ceasing a scheduling calendar by which plan submitters would book favorable review appointments with the Department, and potentially for several times such that appointments that never would occur were nonetheless reserved; and (b) reviewing plans in the order in which they are received in final form. The Department reports that it currently meets or exceeds the 30-day goal. As of January 31, 2024, DSPS's published estimated review response time for commercial building plans was 20 business days, and review times reported in the 2023-24 fiscal year have been between 18 days and 22 days.

Plumbing Plan Review

Plumbing fixtures must also conform to established building code standards, and plumbing system plans must be reviewed and approved before construction may begin. Administrative code Chapter SPS 382 outlines the requirements and processes by which plumbing plans are reviewed. SPS 382 generally does not require DSPS or a delegated agent municipality to examine plumbing plans for new installations, additions, or alterations involving fewer than 16 fixtures. Systems with higher risk to water supplies, such as grease interceptors, garage catch basins, and wastewater holding devices, require review.

In the five fiscal years from 2018-19 through 2022-23, fees for plumbing plan reviews averaged \$1.3 million in program revenue (PR) for DSPS. These revenues are deposited to the general program operations annual appropriation of the Division of Industry Services to support plumbing and building safety regulatory and inspection activities, and credentialing of persons in the building trades.

SUMMARY OF BILL

Commercial Building Plan Review

Under the bill, owners of building plans would have the option to select a plan review appointment according to the following: (1) if all essential drawings, calculations, and specifications are submitted and examination fees are paid, owners may select the next available appointment date for plan review; or (2) if all examination fees are paid but no plans are submitted, owners may select a singular appointment date in the future, with the requirement that all essential drawings, calculations, and specifications are submitted at least three business days before the appointment.

Further, under the bill, owners that cancel examination appointments at least 20 days before the appointment would be eligible for a full refund of all fees paid. Owners that pay more than \$5,000 for an examination fee, but who cancel within 20 business days of the appointment, would be refunded

the difference between the examination fee cost and \$5,000. (Those paying less than \$5,000 and cancelling within 20 days would not be eligible for a refund.) The bill also would require DSPS to provide a means for owners to identify previously approved plan reviews, so long as those approved plans are substantially similar to those submitted by the owner.

Plumbing Plan Review

The bill would prohibit DSPS from requiring examinations of plumbing plans that include 20 or fewer fixtures, if the plans were prepared by any of the following individuals: (a) a registered architect or professional engineer; (b) a person holding a designer permit in the field of plumbing systems; (c) a licensed master plumber or restricted licensed master plumber; or (d) a utility contractor.

However, plumbing plan review exemptions would not be available to any of the following: (a) an alternate or experimental system; (b) a reduced pressure backflow preventer or vacuum breaker; (c) a stormwater or clearwater infiltration system or stormwater system that serves a drainage area of at least one acre; (d) a grease or oil interceptor or garage catch basin; (e) a sanitary dump station or wastewater holding device; (f) piping designed to serve as a private water main; (g) a chemical waste system; (h) a supply and drain system for a manufactured home community or campground; (i) piping designed to serve as a private interceptor main sewer; (j) plumbing serving a hospital, nursing home, or ambulatory surgery center; or (k) any type of plumbing installation, addition, or alteration that DSPS determines, by rule, to pose a unique risk to the waters of the state or public health or safety.

The bill would take effect on the first day of the 7th month beginning after publication. Provisions regarding commercial building plan review scheduling and plumbing plan review would first apply to plans submitted on that date.

FISCAL EFFECT

It is assumed that the bill provisions would reduce the number of plumbing plans reviewed by the Department. It is also assumed that DSPS would collect fewer fees as a result. The Department's fiscal note estimates that approximately 440 plumbing plans would be impacted. In 2023, DSPS reported receiving 2,839 plumbing plan reviews. The fiscal effect of the reduced number of plumbing plan reviews is indeterminate, as plumbing plan review fees under the administrative code vary with the specifications of a project. SPS 382 specifies a minimum fee of \$85 for plumbing plan reviews.

In the bill fiscal estimate, Department staff anticipate certain costs associated with the implementation of the building plan review scheduling changes. Ongoing costs, according to DSPS, would include \$1.1 million associated with the workload equivalent to nine permanent full-time plan review and support staff to perform reviews as provided under the bill, supervise review staff, and assist with additional workload. The Department also anticipates a one-time cost of \$479,400 for information technology services to implement the new scheduling options in the Electronic Safety and Licensing Application (eSLA) system.

Under the bill, any implementation costs would be absorbed by the Division of Industry

Services general operations appropriation. The condition of the appropriation is shown in the attachment. The appropriation has authorized expenditures of \$18.6 million in 2023-24 and \$18.8 million in 2024-25. DSPS is authorized 122.34 positions from the appropriation for general operations related to safety and buildings.

Prepared by: Moriah Rapp
Attachment

ATTACHMENT

Regulation of Building and Trades Professions: Program Revenues and Expenditures 2021-22 Through Estimated 2024-25

	2021-22 <u>Actual</u>	2022-23 <u>Actual</u>	2023-24 <u>Budgeted</u>	2024-25 <u>Budgeted</u>	<u>2024-25 Positions</u>
Opening Balance, July 1	\$17,014,400	\$14,215,700	\$14,999,700	\$12,316,500	
Revenue					
Building plan reviews and inspections	\$6,814,200	\$5,836,600	\$6,500,000	\$6,500,000	
Plumbing licenses	558,300	1,332,300	1,300,000	600,000	
Plumbing plan reviews	2,496,600	2,476,100	2,500,000	2,500,000	
Boiler inspections	1,197,600	1,303,500	1,200,000	1,200,000	
Elevator inspections	1,211,800	1,584,700	1,300,000	1,300,000	
Private sewage plan reviews	2,218,500	1,975,200	2,100,000	2,100,000	
One- and two-family building permit fees	1,255,100	1,184,600	1,050,000	1,050,000	
Electrical program fees	2,914,400	3,238,800	3,000,000	3,000,000	
Manufactured home licenses and title fees	285,800	358,800	285,000	285,000	
Amusement ride and ski tow inspection fees	145,500	169,100	105,000	105,000	
Mine safety inspection fees	33,400	58,600	35,000	35,000	
Heating, air conditioning, and ozone refrigerant certifications	225,600	130,000	200,000	200,000	
Fire prevention and safety fees	23,900	56,100	40,000	40,000	
Swimming pool plan reviews	164,300	170,900	150,000	150,000	
Other revenues	297,100	847,100	250,000	250,000	
Total Revenue	<u>\$19,842,100</u>	<u>\$20,722,400</u>	<u>\$20,015,000</u>	<u>\$19,315,000</u>	
Transfer to POWTS grant program	-\$1,525,500		-\$840,000	-\$840,000	
Transfers for DSPTS general administration	-\$2,599,500	-\$2,648,900	-\$3,099,600	-\$3,100,000	
Total Revenue and Opening Balance	\$32,731,500	\$32,289,200	\$31,075,100	\$27,691,500	
Expenditures					
Actual/Authorized Expenditures	\$18,515,800	\$17,289,500	\$18,598,600	\$18,827,000	122.34
Compensation Reserves			160,000	160,000	
Closing Cash Balance	\$14,215,700	\$14,999,700	\$12,316,500	\$8,704,500	
Encumbrances	<u>-2,122,400</u>	<u>-1,842,200</u>	<u>-1,842,200</u>	<u>-1,842,200</u>	
Available Balance, June 30	\$12,093,300	\$13,157,500	\$10,474,300	\$6,862,300	