

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 12, 2007
POSITION: Support
SPONSOR: The Office of Statewide Health Planning and Development

BILL NUMBER: SB 211
AUTHOR: D. Cox
RELATED BILLS: SB 306

BILL SUMMARY: Seismic Safety: Application Filing Fees

This Administration-sponsored bill would allow hospitals and skilled nursing facilities to postpone the payment of filing fees for the plan review and observation of construction projects by the Office of Statewide Health Planning and Development (OSHPD) after a disaster declared by the Governor, if certain conditions are met.

This bill also would require the OSHPD to include standards for architectural, mechanical, and electrical supports and attachments in regulations (already required under existing law) setting seismic safety standards for hospital equipment anchorages. This bill would expand an existing program that allows one-time pre-approvals of anchorages to include these specified anchorages for architectural components. The bill would also allow the OSHPD to charge a fee based on the actual costs of reviewing and approving anchorages.

FISCAL SUMMARY

The OSHPD indicates that this bill would have little or no net fiscal impact to the state. It is difficult to estimate potential revenue lost as a result of deferring the hospital plan filing fees in the event of a disaster, which would vary depending on the nature and scope of the disaster. However, the OSHPD does not believe the process would be used more than once per year. For example, if a project is estimated to cost \$1 million, the fund would lose \$650 in interest revenue as a result of deferring the fee payment for a year. The Hospital Building Fund receives approximately \$33 million in fee revenue annually, and will have an estimated \$66 million fund balance in 2007-08.

The OSHPD indicates that there would be no new costs from the development of the anchorage safety standards, and expects increased revenue of approximately \$50,000 annually due to an increase in the number of pre-approval requests. This increase in pre-approval workload is absorbable and no additional positions are needed.

COMMENTS

The Department of Finance supports this bill because the bill would have little or no net fiscal impact to the state, it would allow hospitals affected by a disaster to proceed with reconstruction while awaiting disaster relief funds, and the proposed expansion of the pre-approval program is expected to streamline the existing plan approval process.

Current statute limits the OSHPD's pre-approval authority to anchorages needed to secure certain types of equipment, but does not allow the OSHPD to pre-approve anchorages for architectural components. Under existing law, these anchorages must be approved individually by the OSHPD through the project review process.

Analyst/Principal Date Program Budget Manager Date
(0512) E. Swanson Michael Wilkening

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

AUTHOR

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Current law allows for postponement of the filing fees (ranging from 1.5% to 1.64% of the estimated construction cost of a project) following a disastrous earthquake. No fees have been postponed using the current statutory process. The fee is deposited into the Hospital Building Fund, which supports this program. In the event that the OSHPD does not receive full payment from the applicant one year from the date of plan approval, it may request an offset from the State Controller for the unpaid amount against the amount owed by the state to the applicant until the fee is paid in full.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
		LA	PROP			FC			
	CO	98	FC	2007-2008	FC	2008-2009	FC	2009-2010	
4140/Stwd Hth Pln	SO	No		----- See Fiscal Summary -----				0121	
<u>Fund Code</u>	<u>Title</u>								
0121	Hospital Building Fund								