

**DEPARTMENT OF FINANCE BILL ANALYSIS**

**AMENDMENT DATE:** May 10, 2011  
**POSITION:** Oppose  
**SPONSOR:** California Building Industry Association

**BILL NUMBER:** SB 643  
**AUTHOR:** L. Correa

**BILL SUMMARY: Administrative Procedures**

This bill would require state agencies to include the estimated costs and benefits of compliance (and related assumptions) in initial statements of reasons and notices of proposed action for a proposed building standard regulation that would impact housing.

**FISCAL SUMMARY**

State agencies potentially affected by this bill include the California Department of Housing and Community Development (HCD), the Department of Forestry and Fire Protection (CAL FIRE), the California Energy Commission (CEC), the Division of the State Architect (DSA), and the Department of Water Resources (DWR). The CEC, DSA, and DWR have indicated that this bill would have no significant fiscal impact on their departments since they are already completing a cost analysis pursuant to the Administrative Procedures Act (APA), which requires state agencies to provide an evaluation of the effect of the proposed regulation on housing costs and a description of all cost impacts.

The HCD and CAL FIRE indicate this bill would result in additional unfunded workload to perform and include the cost benefit analysis for national model codes. Although these departments currently perform a cost benefit analysis for non-model codes, these departments do not complete this analysis for national model codes due to the large number of model codes adopted annually, and because a cost analysis discussion is already done on the federal level for these codes. The HCD and CAL FIRE have indicated that they are in compliance with current APA requirements because the federal analysis satisfies the APA-required cost impact evaluation. Additionally, the HCD has estimated the cost to complete and include the additional analysis for national model codes to be approximately \$232,000 General Fund and 1.5 positions. CAL FIRE did not provide an estimate of the costs to implement the bill.

**COMMENTS**

The Department of Finance is opposed to this bill because it would result in additional General Fund costs by requiring the HCD and CAL FIRE to perform cost benefit analyses for national model codes.

The APA sets forth the requirements for the adoption, publication, review, and implementation of regulations by state agencies. The APA requires state agencies to provide an evaluation of the effect of the proposed regulation on housing costs and a description of all cost impacts, known to the agency at the time the notice of proposed action is submitted to the office, that a representative private person or business would necessarily incur in reasonable compliance with the proposed action. The APA also requires state agencies to include the cost of compliance when the agency determines that the proposed action may have a significant economic impact.

This bill would require state agencies to include a cost benefit analysis (and related assumptions used in determining that analysis) in public notifications when proposing regulations.

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Analyst/Principal (0221) John Fitzpatrick	Date	Assistant Program Budget Manager	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

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

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

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Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP	2011-2012		2012-2013		2013-2014			
	RV	98	FC	FC	FC	FC	FC	FC		
9901/Var Depts	SO	No	-----	See Fiscal Summary	-----				0001	
2240/HCD	SO	No	C	\$116	C	\$232	C	\$232	0001	