A-Engrossed House Bill 3144

Ordered by the House April 15 Including House Amendments dated April 15

Sponsored by COMMITTEE ON BUSINESS AND LABOR

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Revises language regarding assumption of administration and enforcement of manufactured dwelling services, building inspection program or partial building inspection program after municipality ceases administration and enforcement.]

[Authorizes Department of Consumer and Business Services to accept joint or partial administration of municipal building inspection program under certain circumstances. Allows department to enter into agreements with municipality administering program or with other municipalities or independent contractors to ensure adequate resources for administration of program.]

[Allows existing one percent permit or hourly rate surcharge to be used for paying department expenses of joint or partial administration of municipal building inspection program.]

Authorizes Director of Department of Consumer and Business Services to enter into

agreements with municipalities for uniform administration of building inspection program within geographic area. Establishes permissible terms for agreements, including fee provisions. Authorizes expenditures of fee moneys from Consumer and Business Services Fund for carrying out agreement. Authorized expenditure of building permit fee surcharges for carrying out agreement.

Authorizes director to adopt rules for carrying out agreement. Requires annual consultation with specialty code advisory boards regarding agreements. Requires biennial report to

Legislative Assembly regarding agreements.

Makes legislative findings regarding construction-related development activities and

building code program staffing and resource needs.

Authorizes director to use municipal and Department of Consumer and Business Services personnel to meet state building code administration and enforcement needs. Imposes conditions and limitations.

Authorizes director to use agreements with municipalities and use municipal and department personnel to meet state building code needs when assuming administration and enforcement of local building inspection program.

Declares emergency, effective on passage.

A BILL FOR AN ACT

- 2 Relating to building inspection programs; creating new provisions; amending ORS 455.148 and 3 455.150; and declaring an emergency.
 - Be It Enacted by the People of the State of Oregon:
 - SECTION 1. (1) Notwithstanding ORS 455.148, 455.150 and 455.153, the Director of the Department of Consumer and Business Services may enter into an agreement with one or more municipalities for the Department of Consumer and Business Services to uniformly administer and enforce all or a portion of a building inspection program within a geographic area. The geographic area may be a municipality, a region comprising parts of more than one municipality or a region comprising multiple municipalities. The geographic area need not correspond to the jurisdictional boundaries of municipalities. The agreement may provide for the department to perform administration and enforcement for a specified period or for carrying out one or more particular projects.

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- (2) The terms of an agreement under this section may specify whether the department is to utilize department resources or combine resources with one or more of the municipalities to carry out an agreement. An agreement may combine department and local government resources in any manner that the parties believe will provide for the efficient and uniform administration of the building inspection program within the geographic area, including but not limited to full, divided, mutual or joint performance of any of the administrative or enforcement functions by any of the parties to the agreement. A decision by the director regarding whether to enter into an agreement under this section, and the content of any agreement that the director enters into under this section, is not subject to review by the Attorney General or the Oregon Department of Administrative Services and is subject to challenge or appeal under ORS chapter 183 only for failure to comply with an express requirement created under this section or section 2, 4, 5 or 6 of this 2013 Act.
- (3) An agreement under this section is not an abandonment of a building inspection program for purposes of ORS 455.148 or 455.150.
- SECTION 2. (1) An agreement under section 1 of this 2013 Act may provide for the parties to the agreement to share any fee revenue generated by the administration and enforcement of the agreement and to expend the fee revenue anywhere within the geographic area covered by the agreement.
- (2) Notwithstanding ORS 455.210, if an agreement under section 1 of this 2013 Act provides for the Department of Consumer and Business Services to administer and enforce a building inspection program for which one or more municipalities have adopted a fee or hourly rate, subject to subsection (3)(a) of this section the department may charge the municipally adopted fee or hourly rate when providing the building inspection program services within a municipality.
 - (3) Fees described in subsection (2) of this section that are charged by the department:
 - (a) Are subject to any surcharges described under ORS 455.210, 455.220 or 455.447; and
- (b) Notwithstanding ORS 455.210, are not subject to Oregon Department of Administrative Services approval.

SECTION 3. The Legislative Assembly finds and declares that:

- (1) It is in the best interests of this state that construction-related development activities proceed in a manner that is as quick and efficient as practicable;
- (2) Ensuring that construction-related development activities proceed quickly and efficiently requires a flexible and responsive system for state building code administration and enforcement; and
- (3) Having a flexible and responsive system for state building code administration and enforcement requires that sufficient staff and resources be available to assist the Director of the Department of Consumer and Business Services as needed.
- SECTION 4. (1) Subject to ORS 293.235 to 293.245, 293.250, 293.260 to 293.280, 293.285 and 293.293 and any rules adopted under ORS 293.235 to 293.245, 293.250, 293.260 to 293.280, 293.285 and 293.293, and notwithstanding ORS chapter 240, 276, 282, 283, 291 or 292 or other provisions of ORS chapter 293 or the rules adopted under ORS chapter 240, 276, 282, 283, 291 or 292, except as provided under this section the Director of the Department of Consumer and Business Services may take any action the director considers reasonable to ensure that sufficient staff and other resources are available for the administration and enforcement of the state building code. Subject to subsections (2) to (4) of this section, actions that the di-

rector may take under this section include, but are not limited to:

- (a) Utilizing municipal personnel, or hiring former municipal personnel, to carry out the administrative and enforcement duties of the Department of Consumer and Business Services under an agreement described in section 1 of this 2013 Act;
- (b) Employing additional Department of Consumer and Business Services staff for carrying out the administrative and enforcement duties of the department under an agreement described in section 1 of this 2013 Act; and
- (c) Expending available resources to carry out department responsibilities to provide sufficient staff and other resources under an agreement described in section 1 of this 2013 Act.
- (2) The utilization of municipal personnel or hiring of former municipal personnel under subsection (1)(a) of this section is subject to any applicable collective bargaining agreements and may not be used to displace any state employee. Municipal personnel whom the department utilizes under subsection (1)(a) of this section retain their status as municipal personnel for purposes of ORS 30.260 to 30.300 while carrying out the administrative and enforcement duties of the department under an agreement.
- (3) The employment of additional staff under subsection (1)(b) of this section is subject to any limitations established by the Legislative Assembly on the number of total personnel approved for the department. To the extent practicable, the director shall give preference to the use of available state employees to fulfill additional staffing requirements.
- (4) The employment of additional staff under subsection (1)(b) of this section and the expenditure of available resources under subsection (1)(c) of this section must be predicated upon the availability of adequate revenue, which may include but need not be limited to revenue derived from municipal sources through an agreement described under section 1 of this 2013 Act. The use of existing revenue and available resources to carry out an agreement under section 1 of this 2013 Act is not an addition to or amendment of the legislatively adopted budget for the department.
- (5) Notwithstanding ORS 455.230, the director may use moneys deposited in the Consumer and Business Services Fund from fees collected under this section for the purpose of paying the department's costs of carrying out the administrative and enforcement duties of the department within any administrative region established by the director or a geographic region established by an agreement under section 1 of this 2013 Act or for the purpose of assisting a local government to carry out an agreement under section 1 of this 2013 Act.
- SECTION 5. (1) If the Department of Consumer and Business Services assumes the administration and enforcement of a building inspection program that has been surrendered or abandoned by a municipality, and immediately prior to the surrender or abandonment the municipality was charging a fee adopted under ORS 455.210 (3) that was different from the fee authorized under ORS 455.210 (1) for the same services, the department may charge the fee adopted by the municipality for the services that the department provides under the program.
 - (2) Fees described in subsection (1) of this section that are charged by the department:
 - (a) Are subject to any surcharges described under ORS 455.210, 455.220 or 455.447; and
- (b) Notwithstanding ORS 455.210, are not subject to Oregon Department of Administrative Services approval.
 - SECTION 6. Notwithstanding any surcharge use described in ORS 455.220 (4), the Direc-

tor of the Department of Consumer and Business Services may use moneys from surcharges imposed under ORS 455.210 (4) for the purpose of paying the Department of Consumer and Business Services' costs of carrying out the administration and enforcement of the state building code within an administrative region established by the director or a geographic region established by an agreement that the director enters into under section 1 of this 2013 Act.

SECTION 7. The Director of the Department of Consumer and Business Services:

- (1) May adopt rules, establish policies and procedures and take other actions the director considers reasonable or expedient for carrying out agreements under section 1 of this 2013 Act or under ORS 455.148 (13) or 455.150 (13) and any duties, functions and powers of the director or the Department of Consumer and Business Services under sections 1, 2 and 4 to 6 of this 2013 Act or 455.148 (13) or 455.150 (13);
- (2) Shall consult at least annually with appropriate advisory boards regarding any agreements under section 1 of this 2013 Act or actions taken by the director under section 1, 2, 4, 5 or 6 of this 2013 Act or ORS 455.148 (13) or 455.150 (13); and
- (3) Shall report biennially to the Legislative Assembly as provided under ORS 192.230 to 192.250 regarding any department activities under section 1, 2, 4, 5 or 6 of this 2013 Act or ORS 455.148 (13) or 455.150 (13). The report shall include, but not be limited to, information regarding any projected need for an increase in department resources required for carrying out the administration and enforcement of building inspection programs under sections 1, 2 and 4 to 6 of this 2013 Act or under ORS 455.148 (13) or 455.150 (13).

SECTION 8. ORS 455.148 is amended to read:

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- 455.148. (1)(a) A municipality that assumes the administration and enforcement of a building inspection program shall administer and enforce the program for all of the following:
- 25 (A) The state building code, as defined in ORS 455.010, except as set forth in paragraph (b) of this subsection.
 - (B) Manufactured structure installation requirements under ORS 446.155, 446.185 (1) and 446.230.
 - (C) Manufactured dwelling parks and mobile home parks under ORS chapter 446.
 - (D) Park and camp programs regulated under ORS 455.680.
- 30 (E) Tourist facilities regulated under ORS 446.310 to 446.350.
 - (F) Manufactured dwelling alterations regulated under ORS 446.155.
 - (G) Manufactured structure accessory buildings and structures under ORS 446.253.
 - (H) Boilers and pressure vessels described in rules adopted under ORS 480.525 (5).
- 34 (b) A building inspection program of a municipality may not include:
- 35 (A) Boiler and pressure vessel programs under ORS 480.510 to 480.670 except those described in rules adopted under ORS 480.525 (5);
 - (B) Elevator programs under ORS 460.005 to 460.175;
- 38 (C) Amusement ride regulation under ORS 460.310 to 460.370;
 - (D) Prefabricated structure regulation under ORS chapter 455;
- 40 (E) Manufacture of manufactured structures programs under ORS 446.155 to 446.285, including 41 the administration and enforcement of federal manufactured dwelling construction and safety stan-42 dards adopted under ORS 446.155 or the National Manufactured Housing Construction and Safety 43 Standards Act of 1974:
 - (F) Licensing and certification, or the adoption of statewide codes and standards, under ORS chapter 446, 447, 455, 479 or 693; or

(G) Review of plans and specifications as provided in ORS 455.685.

- (2) A municipality that administers a building inspection program as allowed under this section shall do so for periods of four years. The Department of Consumer and Business Services shall adopt rules to adjust time periods for administration of a building inspection program to allow for variations in the needs of the department and participants.
- (3) When a municipality administers a building inspection program, the governing body of the municipality shall, unless other means are already provided, appoint a person to administer and enforce the building inspection program, who shall be known as the building official. A building official shall, in the municipality for which appointed, attend to all aspects of code enforcement, including the issuance of all building permits. Two or more municipalities may combine in the appointment of a single building official for the purpose of administering a building inspection program within their communities.
- (4)(a) By January 1 of the year preceding the expiration of the four-year period described in subsection (2) of this section, the governing body of the municipality shall notify the Director of the Department of Consumer and Business Services and, if the municipality is not a county, notify the county whether the municipality will continue to administer and enforce the building inspection program after expiration of the four-year period.
- (b) Notwithstanding the January 1 date set forth in paragraph (a) of this subsection, the director and the municipality and, if the municipality is not a county, the county may by agreement extend that date to no later than March 1.
- (5) If a city does not notify the director, or notifies the director that it will not administer the building inspection program, the county or counties in which the city is located shall administer and enforce the county program within the city in the same manner as the program is administered and enforced outside the city, except as provided by subsection (6) of this section.
- (6) If a county does not notify the director, or notifies the director that it will not administer and enforce a building inspection program, the director shall contract with a municipality or other person or use such state employees or state agencies as are necessary to administer and enforce a building inspection program, and permit or other fees arising therefrom shall be paid into the Consumer and Business Services Fund created by ORS 705.145 and credited to the account responsible for paying the expenses thereof. A state employee may not be displaced as a result of using contract personnel.
- (7) The governing body of a municipality may commence responsibility for the administration and enforcement of a building inspection program beginning July 1 of any year by notifying the director no later than January 1 of the same year and obtaining the director's approval of an assumption plan as described in subsection (11)(c) of this section.
- (8) The department shall adopt rules to require the governing body of each municipality assuming or continuing a building inspection program under this section to submit a written plan with the notice required under subsection (4) or (7) of this section. If the department is the governing body, the department shall have a plan on file. The plan must specify how cooperation with the State Fire Marshal or a designee of the State Fire Marshal will be achieved and how a uniform fire code will be considered in the review process of the design and construction phases of buildings or structures.
- (9) A municipality that administers and enforces a building inspection program pursuant to this section shall recognize and accept the performances of state building code activities by businesses and persons authorized under ORS 455.457 to perform the activities as if the activities were performed by the municipality. A municipality is not required to accept an inspection, a plan or a plan

- 1 review that does not meet the requirements of the state building code.
 - (10) The department or a municipality that accepts an inspection or plan review as required by this section by a person licensed under ORS 455.457 has no responsibility or liability for the activities of the licensee.
 - (11) In addition to the requirements of ORS 455.100 and 455.110, the director shall regulate building inspection programs that municipalities assume on or after January 1, 2002. Regulation under this subsection shall include but not be limited to:
 - (a) Creating building inspection program application and amendment requirements and procedures;
 - (b) Granting or denying applications for building inspection program authority and amendments;
 - (c) Requiring a municipality assuming a building inspection program to submit with the notice given under subsection (7) of this section an assumption plan that includes, at a minimum:
 - (A) A description of the intended availability of program services, including proposed service agreements for carrying out the program during at least the first two years;
 - (B) Demonstration of the ability and intent to provide building inspection program services for at least two years;
 - (C) An estimate of proposed permit revenue and program operating expenses;
 - (D) Proposed staffing levels; and
 - (E) Proposed service levels;

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- (d) Reviewing procedures and program operations of municipalities;
- 21 (e) Creating standards for efficient, effective, timely and acceptable building inspection pro-22 grams;
 - (f) Creating standards for justifying increases in building inspection program fees adopted by a municipality;
 - (g) Creating standards for determining whether a county or department building inspection program is economically impaired in its ability to reasonably continue providing the program throughout a county, if another municipality is allowed to provide a building inspection program within the same county; and
 - (h) Enforcing the requirements of this section.
 - (12) The department may assume administration **and enforcement** of a building inspection program:
 - (a) During the pendency of activities under ORS 455.770;
 - (b) If a municipality abandons or is no longer able to administer the building inspection program; and
 - (c) If a municipality fails to substantially comply with any provision of this section or of ORS 455.465, 455.467 and 455.469.
 - (13) If the department assumes the administration and enforcement of a building inspection program under this section, in addition to any other power granted to the director, the director may:
 - (a) Enter into agreements with local governments under section 1 of this 2013 Act regarding the administration and enforcement of the assumed building inspection program;
 - (b) Take action as described in section 4 of this 2013 Act to ensure that sufficient staff and other resources are available for the administration and enforcement of the assumed building inspection program; and
 - (c) Charge fees described in section 5 of this 2013 Act for department services provided

1 in administering and enforcing the assumed building inspection program.

[(13)] (14) A municipality that abandons or otherwise ceases to administer and enforce a building inspection program that the municipality assumed under this section may not resume the administration or enforcement of the program for at least two years. The municipality may resume the administration and enforcement of the abandoned program only on July 1 of an odd-numbered year. Prior to resuming the administration and enforcement of the program, the municipality must follow the notification procedure set forth in subsection (7) of this section.

SECTION 9. ORS 455.150 is amended to read:

455.150. (1) Except as provided in subsection [(14)] (15) of this section, a municipality that assumes the administration and enforcement of a building inspection program prior to January 1, 2002, may administer and enforce all or part of a building inspection program. A building inspection program:

- (a) Is a program that includes the following:
- (A) The state building code, as defined in ORS 455.010, except as set forth in paragraph (b) of this subsection.
 - (B) Manufactured structure installation requirements under ORS 446.155, 446.185 (1) and 446.230.
 - (C) Manufactured dwelling parks and mobile home parks under ORS chapter 446.
 - (D) Park and camp programs regulated under ORS 455.680.
 - (E) Tourist facilities regulated under ORS 446.310 to 446.350.
- 20 (F) Manufactured dwelling alterations regulated under ORS 446.155.
- 21 (G) Manufactured structure accessory buildings and structures under ORS 446.253.
- 22 (H) Boilers and pressure vessels described in rules adopted under ORS 480.525 (5).
 - (b) Is not a program that includes:
 - (A) Boiler and pressure vessel programs under ORS 480.510 to 480.670 except those described in rules adopted under ORS 480.525 (5);
 - (B) Elevator programs under ORS 460.005 to 460.175;
 - (C) Amusement ride regulation under ORS 460.310 to 460.370;
 - (D) Prefabricated structure regulation under ORS chapter 455;
 - (E) Manufacture of manufactured structures programs under ORS 446.155 to 446.285, including the administration and enforcement of federal manufactured dwelling construction and safety standards adopted under ORS 446.155 or the National Manufactured Housing Construction and Safety Standards Act of 1974;
 - (F) Licensing and certification, or the adoption of statewide codes and standards, under ORS chapter 446, 447, 455, 479 or 693; and
 - (G) Review of plans and specifications as provided in ORS 455.685.
 - (2) A municipality that administers a building inspection program as allowed under this section shall do so for periods of four years. The Department of Consumer and Business Services shall adopt rules to adjust time periods for administration of a building inspection program to allow for variations in the needs of the department and participants.
 - (3) When a municipality administers a building inspection program, the governing body of the municipality shall, unless other means are already provided, appoint a person to administer and enforce the building inspection program or parts thereof, who shall be known as the building official. A building official shall, in the municipality for which appointed, attend to all aspects of code enforcement, including the issuance of all building permits. Two or more municipalities may combine in the appointment of a single building official for the purpose of administering a building inspection

program within their communities.

- (4)(a) By January 1 of the year preceding the expiration of the four-year period described in subsection (2) of this section, the governing body of the municipality shall notify the Director of the Department of Consumer and Business Services and, if not a county, notify the county whether the municipality will continue to administer the building inspection program, or parts thereof, after expiration of the four-year period. If parts of a building inspection program are to be administered and enforced by a municipality, the parts shall correspond to a classification designated by the director as reasonable divisions of work.
- (b) Notwithstanding the January 1 date set forth in paragraph (a) of this subsection, the director and the municipality and, if the municipality is not a county, the county may by agreement extend that date to no later than March 1.
- (5) If a city does not notify the director, or notifies the director that it will not administer certain specialty codes or parts thereof under the building inspection program, the county or counties in which the city is located shall administer and enforce those codes or parts thereof within the city in the same manner as it administers and enforces them outside the city, except as provided by subsection (6) of this section.
- (6) If a county does not notify the director, or notifies the director that it will not administer and enforce certain specialty codes or parts thereof under the building inspection program, the director shall contract with a municipality or other person or use such state employees or state agencies as are necessary to administer and enforce those codes or parts thereof, and permit or other fees arising therefrom shall be paid into the Consumer and Business Services Fund created by ORS 705.145 and credited to the account responsible for paying such expenses. A state employee may not be displaced as a result of using contract personnel.
- (7) If a municipality administering a building inspection program under this section seeks to administer additional parts of a program, the municipality must comply with ORS 455.148, including the requirement that the municipality administer and enforce all aspects of the building inspection program. Thereafter, the municipality is subject to ORS 455.148 and ceases to be subject to this section.
- (8) The department shall adopt rules to require the governing body of each municipality to submit a written plan with the notice required under subsection (4) of this section. If the department is the governing body, the department shall have a plan on file. The plan shall specify how cooperation with the State Fire Marshal or a designee of the State Fire Marshal will be achieved and how a uniform fire code will be considered in the review process of the design and construction phases of buildings or structures.
- (9) A municipality that administers a code for which persons or businesses are authorized under ORS 455.457 to perform activities shall recognize and accept those activities as if performed by the municipality. A municipality is not required to accept an inspection, a plan or a plan review that does not meet the requirements of the state building code.
- (10) The department or a municipality that accepts an inspection or plan review as required by this section by a person licensed under ORS 455.457 has no responsibility or liability for the activities of the licensee.
- (11) In addition to the requirements of ORS 455.100 and 455.110, the director shall regulate building inspection programs of municipalities assumed prior to January 1, 2002. Regulation under this subsection shall include but not be limited to:
 - (a) Creating building inspection program application and amendment requirements and proce-

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- (b) Granting or denying applications for building inspection program authority and amendments;
- (c) Reviewing procedures and program operations of municipalities;
- (d) Creating standards for efficient, effective, timely and acceptable building inspection programs;
- (e) Creating standards for justifying increases in building inspection program fees adopted by a municipality;
- (f) Creating standards for determining whether a county or department building inspection program is economically impaired in its ability to reasonably continue providing the program or part of the program throughout a county, if another municipality is allowed to provide a building inspection program or part of a program within the same county; and
 - (g) Enforcing the requirements of this section.
- (12) The department may assume administration **and enforcement** of a building inspection program:
 - (a) During the pendency of activities under ORS 455.770;
- (b) If a municipality abandons any part of the building inspection program or is no longer able to administer the building inspection program; and
- (c) If a municipality fails to substantially comply with any provision of this section or of ORS 455.465, 455.467 and 455.469.
- (13) If the department assumes the administration and enforcement of a building inspection program under this section, in addition to any other power granted to the director, the director may:
- (a) Enter into agreements with local governments under section 1 of this 2013 Act regarding the administration and enforcement of the assumed building inspection program;
- (b) Take action as described in section 4 of this 2013 Act to ensure that sufficient staff and other resources are available for the administration and enforcement of the assumed building inspection program; and
- (c) Charge fees described in section 5 of this 2013 Act for department services provided in administering and enforcing the assumed building inspection program.
- [(13)] (14) If a municipality abandons or otherwise ceases to administer all or part of a building inspection program described in this section, the municipality may not resume the administration and enforcement of the abandoned program or part of a program for at least two years. The municipality may resume the administration and enforcement of the abandoned program or part of a program only on July 1 of an odd-numbered year. To resume the administration and enforcement of the abandoned program or part of a program, the municipality must comply with ORS 455.148, including the requirement that the municipality administer and enforce all aspects of the building inspection program. Thereafter, the municipality is subject to ORS 455.148 and ceases to be subject to this section.
- [(14)] (15) A municipality that administers and enforces a building inspection program under this section shall include in the program the inspection of boilers and pressure vessels described in subsection (1)(a)(H) of this section.
- <u>SECTION 10.</u> This 2013 Act being necessary for the immediate preservation of the public peace, health and safety, an emergency is declared to exist, and this 2013 Act takes effect on its passage.