



DCBS would phase-in the 132 jurisdictions over a five biennia period beginning with the 2007-09 biennium and ending with the 2015-17 biennium. The total five biennia cost is estimated to be \$45.8 million. The immediate costs for the 2007-09 and 2009-11 biennia would be \$4.6 million (9.50 FTE) and \$7.0 million (13 FTE) respectively, both of which are based on 24-months of cost.

DCBS has five primary categories of costs associated with this measure. They are:

1. Personal Services:
  - Information Management Division: IMD would add an IT manager position, seven Information Specialist positions, and one Research Analyst position. For the 2007-09 biennium the cost is \$898,174 (nine positions; 6.00 FTE) and \$1.5 million (nine positions; 9.00 FTE) for the 2009-11 biennium.
  - Building Codes Division: BCD would add three policy analyst positions and one administrative support position. For the 2007-09 biennium the cost is \$435,989 (four positions; 3.50 FTE) and \$556,451 (four positions; 4.00 FTE) for the 2009-11 biennium.
2. IT Professional Services Contracts: This includes professional service contracts for information technology consulting services, programming and quality control. For the 2007-09 biennium the cost is \$1.3 million and \$2.8 million for the 2009-11 biennium.
3. Services and Supplies: These costs are for employee travel, training, office expense, data processing, computer equipment, rent, and other related expenses. For the 2007-09 biennium the cost is \$1,268,635 and \$1,150,132 million for the 2009-11 biennium.
4. Capital Outlay: These costs are for data processing software and hardware. For the 2007-09 biennium the cost is \$440,000 for software and \$80,000 for hardware for total of \$520,000. There are not similar costs reported for the 2009-11 biennium.
5. Payments to Local Jurisdictions: There would also be payments from DCBS to local jurisdiction in the amount of \$66,155 per jurisdiction for costs to plan and implement E-Permitting. For the 2007-09 biennium the cost is \$198,466 and \$1.0 million for the 2009-11 biennium.

As noted, the measure allows the Department to charge up to a five percent surcharge to cover actual costs. The Department, however, has based its fiscal impact on a four percent rather than a five percent surcharge. This would generate \$5.4 million Other Funds for the 2007-09 biennium and \$8.1 million for the 2009-11 biennium. The surcharge revenue collection would begin on January 1, 2008. The revenue figures allow for an ending balance of \$748,577 for the 2007-09 biennium and \$1.1 million for the 2009-11 biennium.

Additionally, DCBS notes that it will use \$5 million of Other Funds fee and licensee revenue (boilers, structural mechanics, and electrical) to subsidize the ten year cost of this measure. For the 2007-09 and the 2009-11 biennia, the amount of this partial subsidy would be approximately \$250,000 each biennium. At least initially, these funds will be necessary to allow the Department to cover cash flow issues associated with expenditures that start occurring July 1, 2007 while surcharge fee revenue does not beginning until after January 1, 2008.

The Legislative Fiscal Office (LFO) has several concerns with the fiscal impact of this measure:

- (a) LFO is unsure about the appropriateness of the Department's plan to subsidize E-Permitting expenditures with revenue from other licensees while charging less than the statutory maximum surcharge percentage of five percent. However, LFO understands this may be necessary, at least on a short-term basis, for cash flow purposes;
- (b) LFO questions why there is not a cost differentiation between an in-house development of the E-Permitting application and an external development or purchase; LFO believes that there could be a material difference in such costs; and

(c) LFO believes that the Department should explore alternative financing, such as federal Emergency Management grants, based on the E-Permitting application's tangential use for emergency management purposes.

The measure is included in the Governor's recommended budget. The Legislative Fiscal Office will monitor the measure's progress through the legislative process and make any budget adjustments that may become necessary.