

RHODE ISLAND BUILDING CODE COMMISSION

Regulatory Analysis for
Amendment of
“Process for Establishing
Statewide Building Permit
Fees”
510-RICR-00-00-21

May 4, 2023

Reason for Regulatory Action

Section 21.8 of the Regulations authorizes the Commission to adjust to the fee schedules set forth in § 21.12 upon reasonable request from a municipality and a finding by the Commission that the proposed adjustment is the result of the Commissioner's application of the statewide permit formula set forth in § 21.10.

Having received a reasonable request for adjustment from the City of East Providence and from the Town of Westerly and having found that the proposed adjustments are based upon the Commissioner's application of the statewide permit formula, the Commission is proposing these amendments which will adjust the permit fees for East Providence and Westerly as described below:

Changing City of East Providence permit fees FROM:

City of East Providence				
Project Valuation		Fee Schedule		
\$1 to	\$10,000		\$13.00	per \$1,000
From \$10,001 to	\$50,000	\$130 +	\$11.00	per \$1,000 exceeding \$10k
From \$50,001 to	no limit	\$570 +	\$9.00	per \$1,000 exceeding \$50k
Note: \$75 minimum fee				

Changing City of East Providence permit fees TO:

City of East Providence				
Project Valuation		Fee Schedule		
\$1 to	\$10,000		\$15.00	per \$1,000
From \$10,001 to	\$50,000	\$150 +	\$13.00	per \$1,000 exceeding \$10k
From \$50,001 to	no limit	\$670 +	\$11.00	per \$1,000 exceeding \$50k
Note: \$85 minimum fee				

Changing Town of Westerly permit fees FROM:

Town of Westerly				
Project Valuation		Fee Schedule		
\$1 to	\$10,000		\$7.00	per \$1,000
From \$10,001 to	\$50,000	\$70 +	\$5.00	per \$1,000 exceeding \$10k
From \$50,001 to	no limit	\$270 +	\$3.00	per \$1,000 exceeding \$50k
Note: \$40 minimum fee				

Changing Town of Westerly permit fees TO:

Town of Westerly				
Project Valuation		Fee Schedule		
\$1 to	\$10,000		\$10.00	per \$1,000
From \$10,001 to	\$50,000	\$100 +	\$8.00	per \$1,000 exceeding \$10k
From \$50,001 to	no limit	\$420 +	\$6.00	per \$1,000 exceeding \$50k
Note: \$50 minimum fee				

The below regulatory analysis was prepared pursuant to the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-2.9.

Regulatory Development

While drafting the proposed new regulation, the Commission considered a range of alternative options, parallels to other Rhode Island regulations and policies, Commission experience in implementation, and industry current and best practices.

Regulatory Analysis

As described below, the Commission's proposed adjustment of increased fees for East Providence and Westerly outlined above are based upon the statewide permit fee formula factors set forth in § 21.10 and corresponding information and data provided by each municipality, i.e., each municipality's budget, size of their building department/division/office that handles building

permitting matters and the number and types of permitting actions that occur within the municipality. As such, the adjusted fee schedules are consistent with fee schedules for other municipalities within the state.

East Providence provided the following data to the Commission:

1. Building Inspection expenses for FYs 2019-2021
2. Permit fee data for FYs 2018-2021
3. City of East Providence 3 year Cash Reports, FYs 2018-2021
4. Analysis of current vs proposed fee schedule

Under the City's existing permit fee schedule, the average building permit fee per \$1,000 project valuation is \$10.94. East Providence initially requested a base rate increase of \$5 per \$1,000 and a \$10 increase on the minimum fee. This would result in an average fee of \$13.99 per \$1,000 project valuation, an increase of 22%. Applying the statewide permit fee formula, the Commission approved an increase of \$2 per \$1,000 project valuation and a \$10 increase on the minimum fee. This will result in an average fee of \$12.45 per \$1,000 project valuation, an increase of 12%.

Westerly provided the following data to the Commission:

1. Formal letter requesting reconsideration of fee schedule
2. Building Department Expense Report, FYs 2018-2020
3. Analysis of current vs proposed fee schedule

Under the Town's existing permit fee schedule, the average building permit fee per \$1,000 project valuation is \$6.70. Westerly initially requested a base rate increase of \$3 per \$1,000 project valuation and a \$35 increase on the minimum fee. This would result in an average fee of \$10.24 per \$1,000 project valuation, an increase of 35%. Applying the statewide permit fee formula, the Commission approved the base rate increase and a lower, \$10 versus \$35, increase on the minimum fee. This will result in an average fee of \$10.01 per \$1,000 project valuation, an increase of 33%.

Costs:

These proposed adjustments will result in an increased cost for a building permit per \$1,000 project valuation as follows:

<u>City/Town</u>	<u>Percentage Increase</u>
East Providence	12%
Westerly	33%

Benefits

The adjusted fees will benefit the municipalities and their respective constituents by ensuring each municipality has sufficient personnel and resources in order to effectively and timely review and issue building permits. The societal benefit is that each municipality will have sufficient resources to review and issue building permits effectively and efficiently. This fosters the public's interest in health, safety, and welfare, which is at the core of building code compliance. Timely issuance of building permits is also beneficial to contractors, construction firms, commercial and residential property owners who are building/improving premises, and to the consumers that will ultimately utilize the constructed facilities.

Alternatives

The municipalities could maintain their current permit fee schedules, which would leave them without sufficient resources to review and issue permits in an effective and timely manner. Delayed issuance will hold up residential and commercial construction projects which will adversely impact consumers and construction businesses. Lack of resources to review and issue permits could also adversely impact health, safety and welfare where review is not conducted in accordance with building code requirements.

The municipalities could also move from a tiered permit fee schedule to a flat fee schedule. While a flat fee schedule might be simpler to implement it would not be consistent with the existing statewide permit formula set forth in § 21.10 which requires factoring in various data inputs of the particular municipality.

Higher permit fees are also an alternative. Both East Providence and Westerly initially sought permit fee increases that were higher than the permit fees set forth in the proposed Regulation amendment. However, using the data inputs provided by the municipality and applying the statewide permit formula in § 21.10, the Commission approved lower fee increases.